

IMF Remedies Played A Role in Asia's Panic

Report Also Assails Suharto Government For Failing to Enact Promised Reforms

By David E. Sanger
New York Times Service

JAKARTA — A confidential report prepared by the International Monetary Fund last week strongly criticizes the Indonesian government for undermining an agreement to rescue the country's economy, but also acknowledges that a key element of the Fund's strategy backfired, helping trigger a bank panic that is still rippling across Asia.

The report, distributed to members of the IMF board, describes in detail how political paralysis here, compounded by a key misjudgment at the IMF in Washington, brought Indonesia's banking system to the brink of collapse, sending investors fleeing and speeding the fall of the country's currency.

It helps to explain why President Bill Clinton rushed a team of top government officials to meet with President Suharto on Tuesday, in hopes of getting Indonesia back on track before its troubles spread further.

The report also comes at a time when the Fund's cures for Asia are coming under increasing attack, particularly from government leaders throughout the region.

Newspapers and television here are filled with accusations that the remedies prescribed by the IMF — tight budgets, bank closures, high interest rates — are adding to the pain at a time when businesses need loans and government aid to stay in operation. But IMF officials, backed by the Clinton administration, say that the only way to truly clean up Asia's economies is to dive into market reforms.

The IMF report, called "Indonesia Standby Agreement: Review Under the Emergency Financing Procedures," describes a key turning point in Indonesia's downturn. That came in November, the report says, when Indonesia was forced by the IMF to close 16 insolvent banks, including at least one controlled by Mr. Suharto's son. The Fund's economists thought the move would restore confidence in the remainder of the country's banking system by eliminating the bad apples.

Instead, it touched off a panic.

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SENG ALSO RISES — A Hong Kong trader smiling on Tuesday as stocks rebounded and the Hang Seng index rose 7.4 percent. Page 15.

Corporate Chiefs' Pledge Raises Spirits in Seoul

By Don Kirk
Special to the Herald Tribune

SEOUL — Top leaders of four of South Korea's five largest industrial groups pledged sweeping reforms Tuesday of the conglomerate system that has dominated the country's economy since the 1960s, contributing to a rising sense of optimism here that the country might be on its way out of its economic crisis.

The agreement by the leaders of the conglomerates known as *chaebol* addressed some of the major conditions set by the International Monetary Fund in return for a bailout package of nearly

\$60 billion in loans. It also coincided with upbeat remarks by Michel Camdessus, the managing director of the Fund, at the end of a two-day visit.

The new sense of optimism in Seoul has been underscored by a startling rebound in the South Korean stock market. It is the world's best-performing exchange so far this year, with a total rise of 23.6 percent after rising 1.65 percent Tuesday. The leap has come despite falling share prices in most markets around the world, including most of Asia and on Wall Street.

In the past month, foreign investors have pumped more than \$500 million into South Korean stocks and bonds.

At the same time, benchmark interest rates — while still high — have fallen to about 22 percent from 30 percent.

Mr. Camdessus said he had found "almost unanimous support" for the IMF's program despite "a difficult beginning." Before leaving Tuesday afternoon for Singapore en route to Jakarta, he said South Korea had "demonstrated to the international community that these reforms, revolutionary though they might appear, will be implemented steadily."

He later told the Korean Broadcasting System that he believed Moody's

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The Dollar

	Tuesday @ 4 P.M.	previous close
New York	1.8199	1.8225
DM	1.6337	1.6215
Pound	1.3163	1.3275
Yen	8.0935	8.103

The Dow

	Tuesday close	previous close
	7732.13	7647.18

S&P 500

	Tuesday @ 4 P.M.	previous close
change	952.12	889.21

Asia's Export Hopes Clash With U.S. Apprehension

By Nicholas D. Kristof and Sheryl WuDunn
New York Times Service

SEOUL — It is one of those embarrassing things that executives like Kim Jong Deuk are forced to do these days to save their companies.

Mr. Kim, the scholarly president of a small pharmaceutical company here, will be traveling to the United States this month to sell antibiotics. But if he can't find buyers for antibiotics, he'll try to sell ginseng, or bowls and plates, made by a friend's

company, or toys, made by other friends, or anything.

"The most important thing for a company is to survive," Mr. Kim said glumly as he sat in his office, near a map of the world with pins stuck in the cities abroad where he has trading contacts. "So when we see a business opportunity, we're ready to jump into a fire to get it."

Mr. Kim's company is trying to do what thousands of other businesses across Asia are aiming to do: export to the United States. Yet as Asia gazes ad-

oringly at the American consumer, one of the great economic and political uncertainties of the decade is whether this love will be requited.

The risk is that this wave of exports to America could lead to a historic and catastrophic collision. The danger arises because Asia is counting on saving itself with a surge of exports to America just as the 50-year American consensus in favor of free trade and internationalism is showing signs of wearing thin.

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U.S. Open to Switch Of Iraq Inspectors

Others Can Replace Americans, Official Says, as Team Is Blocked

By Joseph Fitchett
International Herald Tribune

PARIS — The United States is willing to see foreign experts replace many U.S. specialists in the United Nations inspection teams responsible for rooting out Iraq's covert weapons programs, the State Department spokesman, James Rubin, said Tuesday.

"Our problem is not nationalities; our concern is professional competence," he said in comments that seemed to offer new flexibility by the Clinton administration in the staffing of the inspection teams as long as the UN monitors are finally able to obtain unfettered access to suspected weapons sites in Iraq.

Baghdad blocked a team Tuesday, complaining that it contained too many Americans and Britons and accusing them of spying under the cover of the UN program. The Security Council was meeting to consider the latest standoff.

Other administration officials reiterated that Washington would not compromise on full Iraqi compliance with Security Council demands, a consistent U.S. stance since President Saddam Hussein balked at inspections a month ago. That crisis was defused by a deal brokered by Russia, which led to a resumption of inspections — including U.S. specialists — until the confrontation Tuesday.

Faced with the fresh Iraqi resistance, Washington insisted on its determination to neutralize Iraqi programs to build nuclear, biological and chemical weapons and advanced missiles.

Secretary of State Madeleine Albright, departing from the prepared text of a foreign policy speech, said: "We will not rule out any options." Similarly, Michael McCurry, the White House spokesman, said: "It is always better to act in concert with others when we can, but there is never any reluctance to act alone if we must."

President Bill Clinton, speaking in the Oval Office, said: "Certainly Saddam Hussein shouldn't be able to pick and choose who does this work," of ferreting out Iraq's military secrets. It was up to the United Nations to use teams of its own choosing, he said.

None of those tough-sounding statements contradicted the position outlined by Mr. Rubin, who said in a telephone interview from Washington that the United States was open to changes in the inspection teams' membership if it led to the results sought by Washington.

The United Nations recruits its inspectors on the open international market, so it would not be a political curb on its freedom to choose its teams if qualified candidates could be found from



Scott Ritter, head of the inspection team blocked by Iraq on Tuesday.

AGENDA

Vandal Is Seized At White House

WASHINGTON (AP) — A woman touring the White House on Tuesday sprayed rust-colored paint in the Blue Room and was taken into custody, a spokesman said.

The woman caused more than \$1,000 damage to the room's wall coverings and defaced two "rather priceless" busts of Christopher Columbus and Amerigo Vespucci, according to the White House spokesman, Michael McCurry. Mr. McCurry described the woman, who was not immediately identified, as white and between 30 and 35 years of age. "I'm told she was taken into custody and was rather calm about it," he said. Her motive was not clear.

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PAGE TWO
A Risky Search for Lethal Secrets
THE AMERICAS
Canadian Makes History at UN
INTERNATIONAL
Israel Takes Hard Line on Pullout

French Honor Zola And 'J'Accuse'

France paid tribute Tuesday to "J'Accuse," Emile Zola's manifesto against the anti-Semitism of the Dreyfus Affair, on the 100th anniversary of its publication.

Prime Minister Lionel Jospin went to the vaulted stone crypt of the Pantheon, where the remains of some of the notables of the French Republic rest in honor, to salute the writer's courage in coming to the defense of Alfred Dreyfus, the Jewish captain in the French Army who was unjustly convicted of treason before the turn of the century.

All mainstream French parties united in honoring Zola and his manifesto. Page 5.

Dole Signs Up To Help Taiwan Improve Ties With Congress

By Ruth Marcus
Washington Post Service

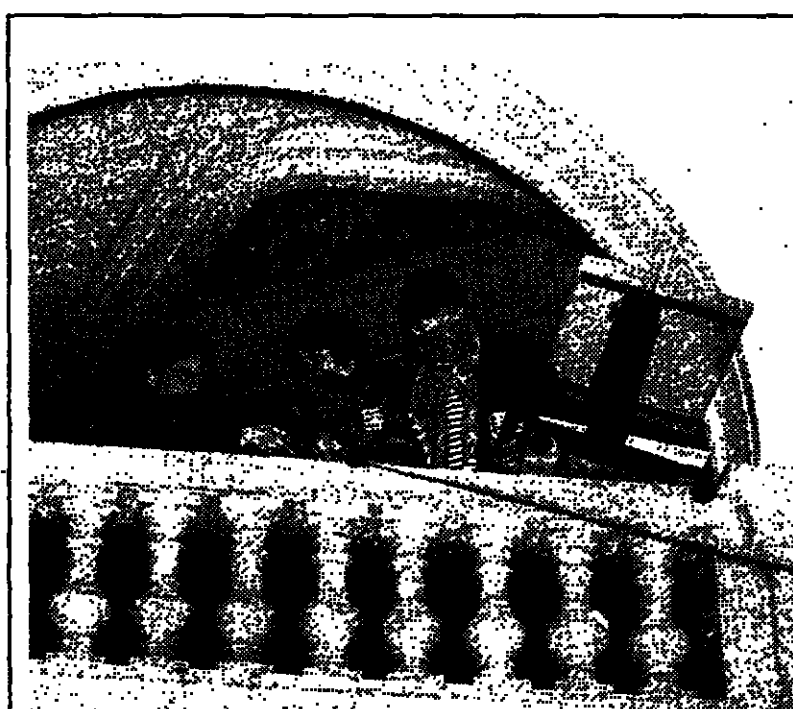
WASHINGTON — Bob Dole, a former Senator and Republican presidential nominee, has registered to work as a foreign agent to help Taiwan improve its relations with Congress and the administration.

Mr. Dole and his law firm — Verner, Lipfert, Bernhard, McPherson & Hand — signed up last week to represent the Taipei Economic and Cultural Representative Office in the United States, Taiwan's unofficial embassy here.

The deal, first reported by Legal Times, will bring the firm a monthly retainer of \$30,000. The filing marks the first time that the former Senate majority leader has registered as a foreign agent.

The contract prompted complaints from Democratic critics who say the arrangement violates the terms of Mr. Dole's loan agreement with the House speaker, Newt Gingrich, not to lobby. In securing approval from the House ethics

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Protesters ransacking the commodities futures exchange in Paris on Tuesday to demand higher jobless benefits from the government.

Jobless Trash a Paris Bourse

Police Fire Tear Gas to Disperse Hundreds of Protesters

Compiled by Our Staff From Dispatches

PARIS — Several hundred jobless protesters on Tuesday broke into the commodity futures market here to dramatize their call for higher unemployment benefits.

The protesters, some of them masked, took over the main hall of the Bourse du Commerce and ransacked some offices. Riot police fired tear gas to break up the protest, while thousands of other demonstrators marched in other French cities.

As the confrontation between the government and the unemployed intensified, the Communist-led CGT trade union, a key organizer of the protests across the country, called for more demonstrations this week.

"The CGT has decided to throw all its weight as a union behind efforts to bring together the struggle of the unemployed, those in work and the retired," it said.

French radio reported that up to 15,000 people marched in Marseille, a

stronghold of the CGT, and about a dozen other cities.

The protests were the largest since jobless demonstrations began occupying unemployment agencies and other government offices across the country a month ago, demanding more aid from Prime Minister Lionel Jospin.

Trading at the Paris stock exchange was unaffected by the protest.

Mr. Jospin, meanwhile, struggling with the nation's 12.4 percent jobless rate, on Tuesday stood by his limited emergency aid as necessary to hold the budget line and qualify for the euro, the single European currency planned for next year.

"Our principal responsibility remains to bring down unemployment," Mr. Jospin said at a news briefing.

"I hear it said here and there that the government should begin a second phase of its program," he said. "If this implies the idea that our policy should

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Thriving Silicon Valley Is Running Dry of Computer Programmers

By Amy Harmon
New York Times Service

NEW YORK — Every so often, the co-founder of Carmelian Inc., James Kitcock, hears the phones at his Silicon Valley start-up company begin to ring in order, from one cubicle to the next. He knows — everyone in the Valley knows — it is the recruiters, calling to steal away his programmers, often at huge salaries.

Mr. Kitcock, 27, cannot really blame them. Carmelian itself has been known to resort to guerrilla tactics in what has become an increasingly desperate scavenger hunt for highly paid digital-age translators who can mediate between mind and machine. Like other employers nationwide these days, Carmelian has found that there is simply not enough talent to go around at any price.

"For us, it was a choice of lowering our standards or waiting, and we chose to wait," Mr. Kitcock said. "But it's tough to see time slipping

by and things not moving ahead because of a lack of horsepower." His company, which develops software for Internet publishing, could use twice the dozen programmers it now employs.

Mr. Kitcock's lament echoes throughout the world of high technology and beyond. As America relies more heavily on computer software than ever before, the demand for people who can develop and use the tools of the modern age has vastly outstripped the existing supply. And the shortage is expected to get much worse as an estimated 1 million new programming jobs come open in the next nine years.

Help-wanted ads are multiplying for the coders who can write in fashionable computer languages, such as Java, for the testers who find the bugs that the coders invariably leave behind and for the systems analysts who figure out how to make it all work together.

The talent shortage is so pronounced that members of the Clinton administration announced

Monday that the government would invest \$28 million in new initiatives to encourage training more programmers.

The government's initiatives are driven by concern about the implications of the programmer shortage when information technology, grossing more than \$865 billion a year, is the country's largest industry, with the software segment growing more than twice as fast as the overall economy.

Why the shortfall in programmers? For one thing, in Silicon Valley over the past two years, hundreds of new companies have opened, all hungry for anyone who can string together lines of computer code.

At the same time, the field has yet to recover from a downturn in the late 1980s and early 1990s, when downsizing by aerospace companies and technology companies, such as International Business Machines Corp. and AT&T Corp., threw many computer scientists out of work and discouraged college students from pursuing computer

careers. From a peak of 50,080 in 1986, the number of bachelor's and graduate degrees in computer science plummeted to 36,000 in 1995.

Yet, for students, job security is not the only issue when deciding for or against a career in computer science. Some cite its image: The "nerd factor," marked by the party pallor known as a "monitor tan," seems to trump a recent "geek chic" trend in a notoriously antisocial profession. And much of the work is tedious.

"We need a large technical class that is well trained to do work that is mind-numbingly boring," said Eric Roberts, associate director of Stanford University's computer science program.

Over the past two years, the overheated job market has pushed up computer science enrollment, but to nowhere near the level that analysts say will be necessary to meet the industry's needs. Between 1996 and 2006, more than a million new jobs

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Newstand Prices

Andorra	10.00 FF	Lebanon	11.3000
Antilles	12.50 FF	Morocco	16.00
Cameroon	1.600 CFA	Qatar	10.00 QR
Egypt	CE 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dn
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. (Eur)	\$1.20



On the Trail of a Vaccine / Research in a Sealed Lab

Risky Search for Lethal Secrets of the Avian Flu Virus

By Lawrence K. Altman
New York Times Service

ATLANTA — As Thomas Rowe tested samples of the deadly avian flu virus in a high-security U.S. government laboratory here recently, a plastic shield protected his face, the air he breathed was filtered as it came through a hose from a battery-powered respirator, a blue gown shielded his body and booties covered his shoes.

Mr. Rowe, a research biologist, wore two pairs of latex gloves as he handled samples containing infectious components of the avian flu virus, a type A influenza strain known as H5N1, under a safety hood in the laboratory at the Centers for Disease Control and Prevention here.

The hood above the laboratory bench is designed to reduce the risk that workers like Mr. Rowe will become accidentally infected, and the laboratory building is under negative pressure so that if a door is opened inadvertently, air will rush in, not out, to prevent the escape of dangerous microbes.

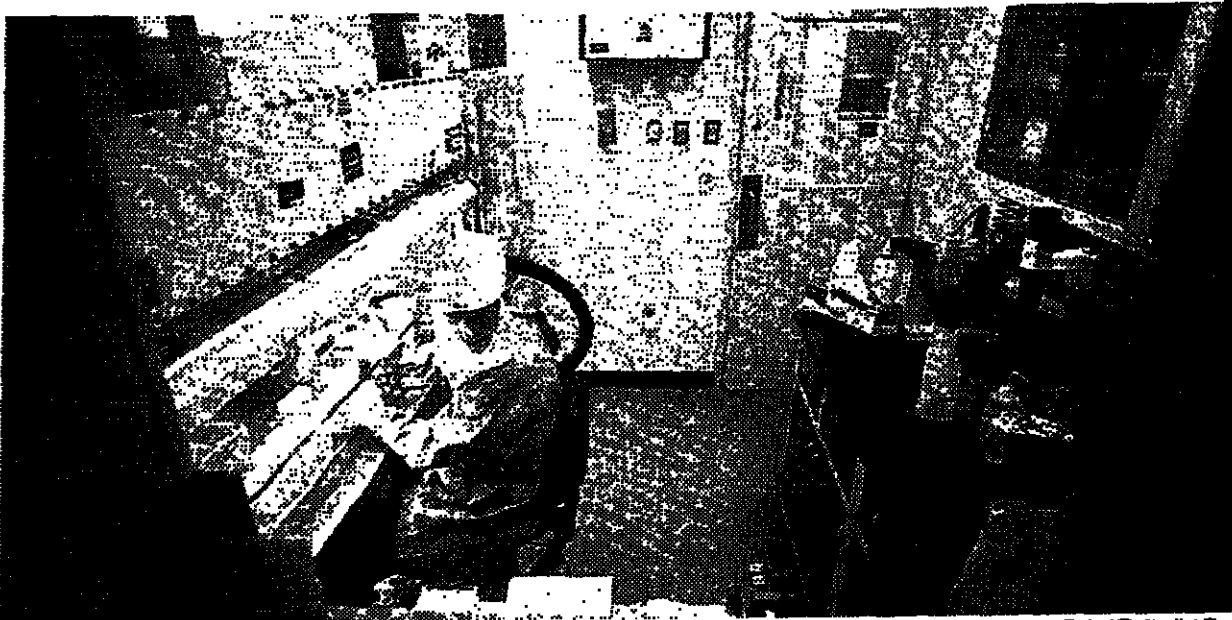
The laboratory work is vital to the swift public health response to the threat of avian flu. It is needed to understand the virus at its most basic level, to develop tests to help doctors and health officials detect cases, and to make a vaccine in case it is needed to help prevent large outbreaks of illness.

When Mr. Rowe finished testing for the day, he left the respirator in the room, discarded the outer set of gloves, and put his gown and underlying scrub suit in a laundry bin before heading for a lower security area in the laboratory. There he left his shoes, discarded the inner set of gloves and took a mandatory shower. Only then could he put on the street clothes that he wore before entering the laboratory.

Mr. Rowe is one of only five scientists who have worked on H5N1 in the center's laboratory, and all had to pass medical checkups and be fitted for the respirator before they began.

Strict rules prevent the scientists from taking anything out of the laboratory unless it has been disinfected, sterilized in an autoclave under high temperature for several minutes or treated in other ways. Sometimes, the scientists use a fax machine in the laboratory to send information they collect to their office. They often stick notes on the inside of a window so they can be copied from the outside.

Like many of her colleagues, Kanta Subbarao, a top influenza scientist at the center, has worked on the virus every day except New Year's since late November. About five and a half hours is the longest that she has worked at a stretch in the



Thomas Rowe handling samples of the avian flu virus under tight security at the Centers for Disease Control and Prevention in Atlanta. Elaborate precautions are needed because health officials are worried about the virus's potential danger to humans and the poultry industry.

laboratory because of the cumbersome attire and conditions. For example, scientists generally avoid drinking coffee or fluids before entering the laboratory because it has no bathroom.

Elaborate precautions are needed for work on H5N1 because health officials are worried about the virus's potential danger to humans and the poultry industry. Type A influenza H5N1 has been known to kill birds since 1961; just last spring, it devastated flocks of chickens in Hong Kong.

THE FIRST HUMAN CASE occurred last May in Hong Kong, in a 3-year-old boy who died from complications of the flu. The number of human infections remains small, at 17 confirmed cases and one suspected case. Nevertheless, avian flu can be severe. Four people have died, and three are in intensive care units, surviving with the aid of respirators.

With no reports of new illness since Dec. 30, when officials in Hong Kong began killing all chickens and many other birds to stop the outbreak, health officials are more hopeful. But they say it is far too early to declare victory. And they express deep concern that the genes of H5N1 could yet mix with those of human influenza viruses to create a new strain that could cause widespread outbreaks, if not a pandemic rivaling the one that killed 21 million people in 1918 and 1919.

The Hong Kong cases are the first in which an avian influenza virus apparently has jumped to humans without first going through pigs or other animals. Why that has happened is a mystery. To help solve it, health officials in Hong Kong have sent to the centers here and to other laboratories thousands of blood and other samples to determine the extent of H5N1 infection among people and animals in Hong Kong.

Because the samples or tests used on them may contain infectious H5N1 virus, the work is most safely done in high-level biosafety laboratories at the centers and similar sites in England and Japan.

The research here is part of a continuing battle of wits to understand why new human influenza viruses pop up when they do. Such studies require working with infectious virus, and "we're doing it because we are one of the very few laboratories that can," Ms. Subbarao said.

Vaccines are the main public health defense against influenza, and their development requires experts to quickly recognize the emergence of new strains and changing patterns of older ones. The standard influenza vaccines are prepared anew each year and are derived from the strains of virus that experts deem likeliest to cause outbreaks the next flu season. Such decisions are usually made in February, and whether a vaccine for the avian flu virus can be made, or should be included if possible, is problematic.

The influenza viruses used in vaccines are grown in chicken eggs, and manufacturers must order months in advance the huge numbers needed to produce tens of millions of doses of vaccine. The vaccine itself is made from killed virus. But because H5N1 can kill chicken eggs, scientists have been scrambling to find alternative ways to make such a vaccine.

One possibility is to identify a strain of influenza virus that will not cause illness in chickens or kill chicken eggs, but will stimulate the immune system to make the type of proteins known as antibodies that can defend against H5N1. In such work, scientists focus on two components of the surface of the influenza virus, hemagglutinin and neuraminidase, because they most closely correlate with infection.

SHORTLY AFTER the first mapping of the molecular makeup of the hemagglutinin gene, scientists around the world searched their computerized records to find matches between the new strain and older ones. An agricultural laboratory in Weybridge, England, came up with the closest match, an avian strain isolated from ducks in Singapore in 1997.

Scientists have injected the Singapore duck strain into ferrets, the standard laboratory animal for flu experiments because it develops classic respiratory symptoms.

The main focus of the ferret experiments is to determine whether infection with the Singapore duck strain will produce protective antibodies for H5N1. If so, the Singapore duck strain could be used as a surrogate for H5N1 in a human vaccine. But it will take at least a month to know if that is possible. Whatever substances are deemed useful must be safe enough to be removed from the laboratory.

"If you want to have something in your back pocket, this looks pretty good," said Nancy Cox, the center's chief influenza expert. Meanwhile, scientists would start testing any other strain that looks more promising as a candidate vaccine. Scientists in the network also are using genetic engineering techniques and other methods to try to find alternative vaccines to fight H5N1.

Working in cooperation with the National Institutes of Health, the disease-control agency has developed a test to help health departments around the world screen for avian flu among viruses isolated from cases of respiratory illness. But the test cannot be used on blood samples.

For that purpose, scientists must use another test and perform it in high-level biosafety laboratories. So yet another goal is to develop a simpler test for studies aimed at determining the extent of bird flu spread in communities.

Computer Hex Of 00 in 2000 Now a Threat To Air Safety

By Matthew L. Wald
New York Times Service

WASHINGTON — A set of crucial computers in the U.S. air traffic control system should not be used beyond December 1999 because they may not operate reliably when the date rolls over to Jan. 1, 2000, and there is no way to predict the effect on air traffic, according to IBM, which built the computers.

But the official in charge of that system at the Federal Aviation Administration said Monday that "it would be an extraordinary feat" to replace about 40 mainframe computers by then. Instead, his agency, with the help of a retired IBM programmer and a team of software experts, is racing to determine whether the problems can be anticipated and eliminated before the turn of the century.

Computers all over the world will have difficulty dealing with Jan. 1, 2000, and beyond, because many of them record only the last two digits of the year and assume that the first two are "19." For those machines, the day after Dec. 31, 1999, will be Jan. 1, 1900, not Jan. 1, 2000.

The extent of problems with the air traffic computers is not certain, but experts say that the 3083 mainframe model referred to in a letter from IBM to a Federal Aviation Administration contractor, might, for example, refuse to accept flight plans for planes that take off Dec. 31, 1999, and land Jan. 1. That landing would be 99 years in the past, from the computer's point of view.

"Who knows, it could do anything," said Michael Fanfalone, president of Professional Airways System Specialists, the union that represents technicians at the aviation administration. There might be no problem, he said, but "no one knows until it's up and running and there's no way you can take that kind of risk."

Already, Federal Aviation Administration teams have found, deep in the computer code, a monthly command that enables a computer to switch from one cooling pump to another; if it is not fixed, experts say, that routine could stop running, allowing the computers to overheat and fail if the pump breaks down. In fact, experts say, there could be many such land mines — buried in millions of lines of computer code — that could cause failures for days, weeks or months after Dec. 31, 1999.

Monte Belger, associate administrator for air traffic services at the Federal Aviation Administration, said in an interview that the agency should know within 90 days whether the computers can be debugged. The problem is that the date functions are not in programming languages, like Fortran or Cobol, but in machine language — strings of ones and zeros more basic to the computer than even the operating system.

The computers in question are at the 20 Air Route Traffic Control Centers, which handle all high-altitude, long-distance traffic in the United States. The 3083 models were once common in business and industry but few remain in service, experts say. IBM stopped shipping them about 10 years ago and some of the software on the aviation agency's models is even older, dating from the early 1970s.

The agency has 250 computer systems, most of which will require fixes, but the 3083 is the only one that IBM says cannot be debugged before 2000.

TRAVEL UPDATE

Air France Crews Set Strike Starting Friday

PARIS (AFP) — Air France flight crews called Tuesday for a two-day strike on short and medium-haul flights starting Friday, a trade union said.

The airline's Workers Force, or FO, union said the strike would protest working schedules. Flight crews say they are sometimes forced to work 12 and a half hours at a time without rest.

More Dutch Flights?

AMSTERDAM (AP) — Schiphol Airport in Amsterdam can handle more flights in 1998 than originally planned while staying within environmental guidelines, according to a report published Tuesday.

The report, commissioned by the airport, says Schiphol can handle up to 400,000 takeoffs and landings, far more than the 360,000 proposed in late 1997.

Belgrade's worst transit strike in history left commuters stranded and city streets devoid of buses and streetcars for a second day Tuesday.

Beirut's airport will be "blinded" until around Jan. 27 as its radar system is moved to a new terminal. Takeoffs and landings will be restricted until radar cover is re-established.

Klaus Tennstedt, Noted as Mahler Conductor, Is Dead at 71

By Allan Kozint
New York Times Service

Klaus Tennstedt, a German conductor or renowned as a Mahler interpreter, died of cancer of the throat Sunday at his home in Kiel, Germany. He was 71.

Mr. Tennstedt was virtually unknown in the West until he was in his late 40s. But his international career took off quickly after he left East Germany in 1971. From the time of his first appearances in North America, with the Toronto and Boston Symphony orchestras in 1974, he was regarded as an uncommonly probing, expressive conductor of works from the mainstream Romantic repertory.

Mr. Tennstedt was born in Merseburg, Germany. At 15, he enrolled in the

Leipzig Conservatory, where he studied violin, piano and music theory. He also studied in Dresden during World War II, and he told one interviewer that after the firebombing of Dresden in 1945, he was in the fire brigade and assigned to dig bodies out of the rubble.

In 1948 he was appointed concertmaster of the Halle Municipal Theater Orchestra, where his father was a violinist. Four years later he began conducting the orchestra, and he soon became its music director. In 1958, he became music director of the Dresden Opera and in 1962 he took over the orchestra and theater in Schwerin.

When preparing for a tour in 1971, Mr. Tennstedt found that his passport had been mistakenly stamped with an exit visa for the West. He went to

Sweden, announced his intention not to return, and persuaded the East German government to allow his wife to join him. In Sweden, he became the director of the Stora Theater in Gothenburg and the conductor of the Swedish Radio Symphony Orchestra in Stockholm. In 1972, he became director of the Kiel Opera in West Germany.

He became principal guest conductor of the London Philharmonic in 1977, was principal guest conductor of the Minnesota Orchestra from 1979 to 1982, and returned to the London Philharmonic as its music director from 1983 to 1987.

Max W. Kraus, 78, a retired U.S. Information Administration official whose posts included that of a U.S.

spokesman at the Vietnamese peace talks in Paris and SALT-2 meetings in Geneva, died Jan. 7 in Chevy Chase, Maryland, after a stroke. A native of Augsburg, Germany, he came to the United States in 1937 and served in the army during World War II.

Michael (Micky) Wilson, 87, who worked as a reporter and foreign correspondent in Paris and Rome for more than 40 years, has died of pneumonia and heart failure at his home in Fethard-on-Sea, Ireland. He began his career in the late '20s writing sports reports for the Paris edition of the Chicago Tribune, and he was well known to millions of listeners in Eastern Europe through his radio reports for Radio Free Europe, for which he worked from 1952 to 1974.

Hong Kong Delays Airport Opening to July

Reuters

HONG KONG — The government announced Tuesday a delay of more than two months in the opening of its new international airport.

The announcement followed months of speculation that the \$20 billion Chek Lap Kok airport would fail to open on time in April because of delays in completing a vital rail link and air-cargo terminal. The opening has been rescheduled for July 6.

Financial Secretary Donald Tsang said the new date had been set at a meeting of the Executive Council, the advisory cabinet of Hong Kong's chief executive, Tung Chee-hwa.

The delay, he said, would not result in any loss of revenue for the former British colony, which became an autonomous capitalist region of China last July.

The airport, on reclaimed land off Lantau, the biggest outlying island in the Hong Kong archipelago, was first scheduled to be completed by the time Britain handed Hong Kong back to China last year. But China wanted Britain to approve the financing for the airport for more than five years before reaching an agreement in June 1996 that cleared the way for the new facility, which will double Hong Kong's aviation capacity. A delay had been widely expected since Hong Kong's Mass Transit Railway Corp. said recently that a rail link to the new airport would not be ready by April.

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe	Today	Thursday	Friday	Saturday
Algeria	16/24	16/24	16/24	16/24
Belgium	12/18	12/18	12/18	12/18
France	12/18	12/18	12/18	12/18
Germany	12/18	12/18	12/18	12/18
Italy	12/18	12/18	12/18	12/18
Spain	12/18	12/18	12/18	12/18
UK	12/18	12/18	12/18	12/18
US	12/18	12/18	12/18	12/18

North America	Today	Thursday	Friday	Saturday
Alaska	12/18	12/18	12/18	12/18
Canada	12/18	12/18	12/18	12/18
US	12/18	12/18	12/18	12/18

South America	Today	Thursday	Friday	Saturday
Brazil	12/18	12/18	12/18	12/18
Colombia	12/18	12/18	12/18	12/18
Venezuela	12/18	12/18	12/18	12/18

Asia	Today	Thursday	Friday	Saturday
Japan	12/18	12/18	12/18	12/18
India	12/18	12/18	12/18	12/18
Australia	12/18	12/18	12/18	12/18

Africa	Today	Thursday	Friday	Saturday
South Africa	12/18	12/18	12/18	12/18
Kenya	12/18	12/18	12/18	12/18
Nigeria	12/18	12/18	12/18	12/18

Oceania	Today	Thursday	Friday	Saturday
New Zealand	12/18	12/18	12/18	12/18
Australia	12/18	12/18	12/18	12/18

Interest Rates Up or Down?
Interest Rate Policy Will Generate Major Currency Moves.
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THE AMERICAS

Making History at UN

Woman to Be Deputy Secretary-General

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — A French Canadian with a flair for finance and enthusiasm for New York life has been named the first deputy secretary-general in UN history.

Louise Frechette is resigning as the Canadian deputy minister of national defense to help Secretary-General Kofi Annan finish redesigning the UN administration from the top down.

She was based twice in New York as a diplomat, most recently as Canada's representative to the United Nations from 1992 to 1994.

"I love New York," she said in an interview. "I love the city; it is one of the most vibrant in the world. I'm glad the United Nations is right downtown. There is something about being in the middle of a real city, with all its diversity, its culture."

At the United Nations, she will have the authority to fill in for Mr. Annan as he chooses. A year ago, diplomats were predicting that the General Assembly would never grant such latitude to an official largely outside its control. Some developing nations wanted the job to be largely one of aiding poor countries, but in the end did not try to block Mr. Annan's plan.

He made it known early in his administration that he was looking for a woman for the job. But Monday, introducing Ms. Frechette at a press conference, he joked that this was a "false impression." "I was looking for the best person to do the job, and it happens to be a woman," he said.

Ms. Frechette, 51, born in Montreal and educated in French at the University of Montreal and the College of Europe in Bruges, Belgium, said she

never really spoke English fluently until she took a job in Ottawa in her 20s. From 1985 to 1988, she was Canada's ambassador to Argentina, Uruguay and Paraguay, then returned to Ottawa to review Canada's relations with Latin America.

Apart from diplomatic assignments, Ms. Frechette has done work in economics, finance and international trade, culminating in her appointment as assistant deputy minister for economic policy and trade competitiveness in 1991.

Ms. Frechette, who is expected to take a leading role at the United Nations in economic and development issues, said that the Asian financial crisis is a lesson in "how an economic phenomenon can develop at a speed we couldn't imagine" and how no country is immune from the effects.

"We have to wrap our minds around globalization," she said, adding that from a UN perspective, that involves going beyond the workings of financial markets to an understanding of the economic and political needs of nations and the speed at which large institutions will have to operate to meet them.

While at the United Nations, Ms. Frechette — working with Madeleine Albright, then the U.S. representative — was pivotal in designing a peacekeeping operation for Haiti in 1994.

She was a regular at the lunches organized by Mrs. Albright, now secretary of state, for the handful of women who represented their countries here, and high-ranking women in the UN system.

In Washington, a spokesman for Mrs. Albright said she cheered Ms. Frechette's appointment as a "perfect choice" for the new position.



Louise Frechette speaking at a press conference with Kofi Annan.

Haiti continues to be a preoccupation for Ms. Frechette, who considers the issue of how to follow through on peacekeeping missions to be a challenge for the United Nations.

Members of the United Nations have backed away from peacekeeping operations, often citing the unresolved problems they have left behind in many parts of the world. Ms. Frechette said that maybe it was time

to stop measuring the organization by its peacekeeping missions.

"Many of the peacekeeping operations had to do with the end of the Cold War," she said. "We were helping conflicts come to their final resolution. This era is behind us. We shouldn't assess the UN's performance by whether they are creating a peacekeeping operation every few months."

Domestic Politics Hinders Action on Foreign Policy

Abortion Debate Impedes UN and IMF Legislation

By Helen Dewar
Washington Post Service

WASHINGTON — The Asian financial crisis deepens almost daily. The United States continues to be called a deadbeat at the United Nations. And the Clinton administration is no closer than it was last year to resolving a dispute over an abortion issue — that blocked legislation to deal with these problems.

Just before Congress went home in November, it blocked an administration request for several billion dollars for the United Nations and for financial rescue operations because of an unrelated argument over funding for international population-control groups, kicking the issue over until this year.

The move, branded as "boneheaded" by President Bill Clinton's spokesman, created a new flash point in edgy relations between the White House and Congress over foreign-policy issues with domestic political overtones.

While some administration officials express cautious optimism that the impasse can be broken in time for action this spring, new complexities have arisen. Foremost among them is a controversy over the role of the International Monetary Fund and its effectiveness in dealing with the Asian crisis.

Even without the IMF controversy, the underlying abortion dispute remains unresolved and appears more firmly linked than ever to the UN and IMF funding issues — joined "in perpetuity," as the House of Representatives speaker Newt Gingrich, Republican of Georgia, put it last year.

Bill Richardson, the U.S. ambassador to the UN, said in an interview last week that "the odds are good" that the entire dispute will be resolved but that, if a solution comes too late, "America's national security interests will be adversely affected."

Treasury Secretary Robert Rubin said he

and other officials had had "constructive" talks with a broad range of lawmakers during the recess, although no plan of action had been ironed out so far. "There's been almost universal acceptance of the importance" of trying to resolve the dispute, Mr. Rubin said.

The prognosis from Capitol Hill was guarded. "It's going to be very hard to resolve, and it being an election year doesn't make it any easier," said Jim Leach, Republican of Iowa and the chairman of the House Banking Committee. Even though the deadlock does not threaten IMF commitments to Asia and the United States has won a reprieve on the dues issue at the United Nations, the administration and its allies are eager to settle it to demonstrate U.S. resolve and strengthen Washington's hand in dealing with future as well as ongoing crises.

The problem arose in the waning days of the 1997 session when a package of foreign-policy initiatives — including authorizations of \$3.5 billion for the IMF, nearly \$1 billion in overdue payments to the United Nations and an overhaul of U.S. foreign-policy agencies — got sidetracked in an abortion-based fight over international family-planning funds.

At issue was a compromise proposed by Republican leaders under which U.S. funds could continue to go to international groups that used their own money to perform abortions as long as they did not also lobby foreign governments to change their abortion policies.

Under pressure to pass spending bills and get out of town without a veto fight, anti-abortion forces led by Representative Christopher Smith, Republican of New Jersey, reluctantly agreed to provide most of what Mr. Clinton sought for family planning without abortion restrictions for the time being. But they grabbed the bigger foreign-policy package as hostage for another fight this year.

Congress is due to reconvene Jan. 27.

POLITICAL NOTES

Republican Fights Fund Ban

WASHINGTON — Representative Henry Hyde, Republican of Illinois and a strong opponent of abortion, has come out against a Republican Party resolution that would deny money to candidates who do not support a ban on a controversial late-term abortion procedure.

The opposition of Mr. Hyde and Representative Charles Canady, Republican of Florida and the chief sponsor of the House bill to ban the medical procedure that opponents call partial-birth abortion, virtually dooms the resolution in the eyes of many Republicans.

"Hyde and Canady together is, like, kaboom," said a Republican operative. "They're the most respected pro-life advocates in the Congress."

The two representatives warned that denying money to certain Republicans could cost the party its majority in Congress. "If we lose our majority, it will be the death knell of pro-life legislation for as long as the Democrats are in power," they said. (NYT)

Bowles to Stay With Clinton

WASHINGTON — Responding to rumors that he is preparing to quit, the White House chief of staff, Erskine Bowles, said Tuesday that he would stay in his job "for a long period of time."

He had made no secret of his desire to return home to his family in North Carolina but was pressured by President Bill Clinton to stay.

Mr. Bowles was a driving force behind Mr. Clinton's pursuit of a balanced budget agreement with Congress and won praise from Republicans as a solid, honest negotiator. (AP)

This Just In: TV Guy Snubbed

WASHINGTON — There he was pressed up against the ropes, first in line by the White House door, ready to belt out a question in his best baritone after the president's chopper alighted on the grounds.

"Mr. President," shouted Sam Donaldson, ABC's new White House bureau chief, punching the words "inspection team" and "Iraq" to beat out the helicopter noise.

But President Clinton just walked on by. Not a pause or a glance.

Mr. Donaldson may be pleased to return to the trenches, but the same cannot be said for the Clinton administration.

"We had a good chat and attempted to get the rules straight," said Michael McCurry, the White House press secretary. "I'm sure he will have a problem with every rule." (NYT)

Quote/Unquote

Gerald Ford, 84, after discovering that Congress had quietly extended staff and office space allowances for former presidents and that he would not have to shut down his \$300,000-a-year operation: "You'd be surprised. I get people wanting to know what my opinion is on legislation, many requests for autographs, pictures to be signed." (AP)

Still Waiting For Power In Quebec

The Associated Press

MONTREAL — More than one million Quebecers remained without power Tuesday, and the authorities urged those still living in frigid homes to head for emergency rescue shelters as temperatures stay low.

Relief efforts in the aftermath of an ice storm last week focused on an area south and west of Montreal dubbed the "blackout triangle." About 400,000 households in the region face another week or two without electricity because dozens of transmission towers were toppled by heavy ice.

Premier Lucien Bouchard of Quebec, who toured the region Monday, made an emotional televised appeal to families that were holding out to find warmer quarters.

Temperatures around Montreal were expected to drop to 5 degrees Fahrenheit (minus 15 degrees Celsius) Tuesday night.



A man cutting tree limbs from power lines in Alymer, Canada, where thousands were still without electricity.

Mexico Factories Accused of Bias

U.S. Says Pregnant Women Are Harried Out of Jobs in Border Plants

New York Times Service

MEXICO CITY — Concluding a six-month review of charges of sex discrimination in Mexico, the U.S. Labor Department has reported that thousands of border assembly plants administer medical tests to weed out pregnant applicants and harass pregnant workers to coerce their resignation.

Others simply dismiss pregnant workers to avoid paying maternity benefits, the department said.

The Labor Department's review, released Monday, responded to a complaint filed last year by American and Mexican rights and labor groups under the terms of a labor side accord of the North American Free Trade Agreement, or NAFTA, in which Canada, Mexico and the United States agreed to review the other countries' labor practices.

The complaint said that managers of the tax-free assembly plants on the U.S. border,

known as maquiladoras, routinely require female applicants to take pregnancy tests.

The vast majority of Mexico's 2,700 maquiladoras — which employ more than half a million workers and account for more than \$29 billion of Mexico's export earnings — are owned by U.S. corporations.

How the American and Mexican governments follow up on the department's confirmation of widespread sex discrimination will be closely watched because one of the goals of the trade accord was to harmonize labor standards in the three countries.

The Labor Department reported that the harassment or dismissal of workers who become pregnant violated Mexican law. But the report did not unequivocally characterize as illegal the practice of administering pregnancy tests to applicants. That is because the Mexican government has expressed contradictory interpretations of its own labor laws.

Away From Politics

•Gory "shockumentaries" are offsetting the decline in network television series, the UCLA Television Violence Report found, criticizing the shows made up of footage of accidents, death and crime for their intense and graphic content. (AP)

•New York is aiming at a more pedestrian sort of criminal. With murders at a

30-year low in the city, Mayor Rudolph Giuliani wants to increase the \$2 fine for jaywalking as he adds wayward pedestrians to his hit list of urban enemies. (AP)

•The leading U.S. AIDS service agency has reversed itself. The Gay Men's Health Crisis is now calling for New York doctors to report HIV-positive people to state health

departments. Officials in many states do not require doctors to report patients who have the AIDS virus but do not have full-blown AIDS, and many influential activist groups have resisted requiring such reports. (NYT)

•Two more of the McCaughey septuplets have gone home, leaving four in an Iowa hospital. (AP)

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EUROPE

'Serious' Talks on Ulster To Begin, Chairman Says

BELFAST — Parties in the Northern Ireland peace talks have agreed to begin serious negotiations after publication of the province, George Mitchell, the talks' chairman and a former U.S. senator, said Tuesday.

Officials also said that sessions of the talks, now being held in Belfast, would be held in London later this month and in Dublin in February.

"Participants today agreed to proceed promptly to serious negotiations on the real issues facing the people of Northern Ireland," Mr. Mitchell said at a press conference. He added that the parties had agreed to use the blueprint presented Monday as "the way to facilitate those negotiations" even though some had expressed reservations about aspects of the proposals.

Multiparty talks on easing communal tension over British sovereignty have been going on since June 1996 but have until now failed to address substantive issues.

The province's main rival guerrilla

forces are observing cease-fires, but dissident factions opposed to peace efforts have killed four persons since Christmas.

Sinn Fein, the political arm of the outlawed Irish Republican Army, voiced concern Tuesday about the British-Irish proposal. Sinn Fein said Irish nationalists suspected the plan was an attempt to appease supporters of British rule.

The document produced by the governments yesterday is, they have claimed, an attempt to get substantive negotiations on board. Sinn Fein's chairman, Mitchell McLaughlin, said, "Others, many I think, see it as a sop to the unionists and the loyalists. Sinn Fein intends to test that and test it very rigorously."

The proposals are for a new Northern Ireland Assembly, an intergovernmental council and a so-called North-South Ministerial Council from the two parts of Ireland. Under the plan, Northern Ireland would remain under British control as long as a majority in the province so desire, and Dublin would amend its constitutional claims on the disputed territory.

France Honors Zola and 'J'Accuse' on Centennial

By Craig R. Whitney
New York Times Service

PARIS — France paid solemn tribute Tuesday to "J'Accuse," Emile Zola's manifesto against the anti-Semitism of the Dreyfus Affair, on the 100th anniversary of its publication.

Prime Minister Lionel Jospin went to the vaulted stone crypt of the Pantheon, where the remains of some of the notables of the French Republic rest in honor, to salute the writer's courage in coming to the defense of Alfred Dreyfus, the Jewish captain in the French Army who was unjustly convicted of treason before the turn of the century.

Zola observed in "J'Accuse," Mr. Jospin said, "with a pessimism that I know is reasonable, 'The profound causes of the country's blindness will not disappear in a single day.'"

He spoke as France continued to struggle with the consequences of an even more terrible outbreak of anti-Semitism decades after Dreyfus was rehabilitated in 1906.

That was the treatment of French Jews by the government established in Vichy during the World War II oc-

cupation by the Germans. That government handed 74,721 Jews over to the Germans between 1941 and 1944 and all but a handful of them died in concentration camps.

As Mr. Jospin spoke, the trial of a Vichy functionary, Maurice Papon, who is accused of crimes against humanity for allegedly arranging the deportation of 1,560 Jews from southwest France during the war, ended its 46th day of proceedings in Bordeaux. The trial, which began in October, is expected to continue until spring.

On the eve of the "J'Accuse" anniversary, a blue-ribbon panel established a year ago to determine how much property and money were illegally seized by French authorities from Jews during the Vichy regime reported that it would take an-

other year and the examination of millions of pages of documents to establish the full extent of the injustice and then try to right it.

"We entered a long period of silence in which these things were not spoken of," said the panel's president, Jean Mancoli, a Resistance leader who spent most of the war in German prison camps. Establishing the truth about what the French did to the Jews during the war, he said, would lift a dead weight that would otherwise hobble the country far into the future.

Zola's eloquent cry against prejudice and injustice had the front page of a then-obscure newspaper, L'Aurore, hung on the pillars of the National Assembly, lit in the blue, red

and white of the French flag. All mainstream French parties united Tuesday in paying tribute to Zola's manifesto and President Jacques Chirac, a Gaullist conservative, wrote letters to the descendants of Zola and Dreyfus.

Mr. Chirac, who in a speech in 1995 acknowledged for the first time that France itself, not just the Vichy regime, had been responsible for wartime crimes against the Jews, wrote in his letter that the Dreyfus Affair was "a black spot, unworthy of our country and our history, a colossal judicial error and shamefully compromising for the state."

"Half a century after Vichy," he wrote, "we know that dark forces, intolerance and injustice can insinuate themselves into the very summit of the state."

Zola's letter, reproduced in many French newspapers Monday, had a cost. Its accusations against the army officers involved in the scandal led to the novelist's conviction for slander and a one-year jail sentence. He chose instead to go into exile in England until 1899. He died of asphyxiation, apparently because of a faulty fireplace, in his home in Paris in 1902.



Study Accuses Swiss of Abuse and Bias Against Jewish Wartime Refugees

By John-Thor Dahlburg
Los Angeles Times Service

PARIS — As the dark clouds of World War II gathered over Europe, Jews by the tens of thousands desperately hoped to find sanctuary in neutral Switzerland. Many were turned away at the frontier or even handed back to the Nazis by the Swiss.

But in other cases, even those who were permitted to cross the Alps to safety were not at the end of their ordeal. A study — formally made public Tuesday in Los Angeles and already disputed in Switzerland — asserts that the thousands of Jewish refugees who were confined by the Swiss in camps were kept under grim, sometimes cruel conditions behind barbed wire at gunpoint and forced to work for little or no pay.

Many families were forcibly separated by the police — including, in some cases, nursing infants from their mothers, the study says. A "special Jew-tax," it continues, was levied on

the richest foreign Jews, but not on Christians or refugees from other faiths, to help underwrite their upkeep in Switzerland.

"The Swiss were really sadistic. They wanted to hurt the Jews — to deliberately hurt the Jews," Alan Morris Schom, the American historian who wrote the study, said in a telephone interview from his home in the Loire Valley of France.

After more than a year of research, including scouring archives recently declassified by the British Foreign Office, Mr. Schom concluded that there was no doubt that the camps, which held an estimated 22,500 men, women and children by 1944, were meant specifically for Jews. "At least 80 percent of the inmates were Jews," Mr. Schom said. "Some camps had up to 95 percent or 98 percent Jewish membership."

Men as old as 60 were made to haul logs in forests or dig ditches on roads in the Alps, including during the winter, he added. Women often were assigned to institutions and private homes to mop floors, clean toilets or perform other do-

mestic chores. Living conditions in unheated barns or wooden barracks were squalid at best. Male inmates might be insulted with anti-Semitic remarks or forced to carry out tasks beyond their physical strength. Refugees who complained could be sent to "punishment camps" or expelled from Switzerland.

'The Swiss were really sadistic. They wanted to hurt the Jews — to deliberately hurt the Jews.'

"These were really slave labor camps," Mr. Schom said. "On the whole, people were absolute prisoners. If they tried to leave their jobs, they could be handed back to the Gestapo."

The study about Switzerland's "unwanted guests" was commissioned by the Simon Wiesenthal Foundation, which is based in Los

Angeles. The conclusions, and similar charges aired Jan. 5 in a news report on Britain's Channel Four television, appear certain to intensify pressures on the Swiss for a full accounting of their country's wartime acts.

For more than a year and a half, international Jewish organizations and the Clinton administration have been pushing the Swiss to divulge the extent of wartime dealings with the Nazis and the whereabouts of assets deposited by Holocaust victims in Swiss banks.

"Tragically, I think this is potentially a greater embarrassment for the Swiss than the issue of Nazi gold," Rabbi Marvin Hier, dean and founder of the Simon Wiesenthal Center, said Monday of the latest allegations of wholesale Swiss discrimination against Jewish refugees.

Linda Shepard, spokeswoman for the Swiss Federal Task Force in Bern, a government agency established to deal with allegations of Swiss misconduct during World War II, had not seen the Wiesenthal center report Monday. But

when she was informed of its chief allegations, she flatly rejected them.

"We have to underline that the Jews were not treated differently from other refugees," she said. "All able-bodied Swiss also had to do mandatory labor to help secure the survival of Switzerland during the war years."

"There were no prisoners," she continued. "The refugees could leave the camps on weekends and hundreds were offered to pursue studies at Swiss universities."

In a separate statement, the Swiss Foreign Ministry said that all camps for civilians and soldiers complied with international law.

From 1933 to 1945, more than 200,000 people were granted asylum in Switzerland, including an estimated 28,000 Jews. Switzerland agreed to pay the costs of feeding, clothing and housing refugees — but not for Jews.

Another 30,000 Jews were not allowed to enter Switzerland at all, a decision that for many was tantamount to a death sentence.



BACK TO WORK — Chancellor Helmut Kohl, right, next to Foreign Minister Klaus Kinkel, starting the first cabinet meeting of the year Tuesday in Bonn.

BRIEFLY

Tenerife Cult Is Foiled In 2d Suicide Attempt

SANTA CRUZ DE TENERIFE, Canary Islands — A Spanish judge on Tuesday released 19 members of an alleged doomsday cult who were arrested overnight while apparently preparing a second mass suicide attempt, state radio said.

The 16 adults and 3 children had been detained at a Tenerife farm owned by their suspected leader, Heide Fitikan-Garthe, a German psychologist who was arrested last Wednesday, government officials said.

The police said they had foiled a first mass suicide attempt last week by Miss Fitikan-Garthe's followers, who said they had expected a spaceship to pick up their bodies from a mountain on Tenerife. (Reuters)

Greece Arrests Guerrillas

ATHENS — Greece has arrested more than 15 suspected members of the Fighting Guerrilla Formation, which is believed to have staged several bomb attacks, a police official said Tuesday.

The arrests were made after the police found explosives, bomb-making material and anarchist pamphlets at five private homes in and around Athens, the official said.

Since emerging in 1995, the organization is believed to have staged several attacks, none of which were fatal. (Reuters)

Winds Lash North Spain

MADRID — Heavy winds lashed northern Spain early Tuesday, disrupting travel and cutting water to several thousand homes as a drifting

petroleum platform broke a bridge and left the city of Ferrol isolated.

The heavy winds hit western Galicia first, then advanced eastward across the northern Atlantic coast. More wind is forecast for the next few days in northern Spain. (AP)

Belgian Guards Strike

BRUSSELS — Belgian security guards held a nationwide strike and demonstrated in central

Brussels for the second successive day Tuesday to protest the slaying of two colleagues.

The strikers blocked traffic, causing long delays during the rush hour. They were demanding better police protection following a fatal attack Monday on an armored bank truck.

Two guards were killed by five gunmen who stopped the truck on a highway but failed to break open the truck's safe and got away with nothing, Belgian media reported. A delegation of guards was scheduled to meet Tuesday with Interior Minister Johan Vande Lanotte. (AP)

Diana's Speed Put at 60 mph

Crash Barriers Could Have Saved Her, Investigator Says

The Associated Press

LONDON — The Mercedes in which Diana, Princess of Wales, was killed was traveling at 60 miles an hour, an accident investigator in Britain asserted in a program broadcast Tuesday night.

All four occupants of the car could have survived if crash barriers had been set up in the traffic tunnel beneath the Pont de l'Alma in Paris, said Professor Murray Mackay, head of the Birmingham Accident Research Center and a professor of transport safety at the University of Birmingham.

Mr. Mackay said in the Channel 4 television program "Crash" that his conclusions were drawn from a visit to the tunnel. The program included a computer simulation of the Aug. 31 accident that killed Diana, her companion Dodi Fayed and their driver, Henri Paul, who was found to be legally drunk. Only Mr. Fayed's bodyguard, Trevor Rees Jones, survived.

"Newspapers have talked of speeds of 120 mph (190 kph), but looking at the damage tells a very different story," Mr. Mackay said. "It

suggests an impact with the pillar of about 60 mph."

"This was a severe but a survivable accident and what we now need to consider is why three people died. If the Mercedes had hit the post at 120 mph, the whole of the passenger compartment would have been destroyed," he said.

The princess had the best chance of survival because she was sitting in the rear right seat, which would have suffered the least force when the car hit the pillar and spun, Mr. Mackay said. He said she would have had a "fair chance" of surviving if she had been wearing a seat belt.

Mr. Mackay said the princess, Mr. al Fayed and Mr. Paul would almost certainly have survived, either belted or unbelted, if there had been a crash barrier around the column.

The Pont de l'Alma is one of the few tunnels in Paris with unguarded columns, the program said.

"The guard rail would have deflected the car along the line of the highway, there would have been no heavy hit and the forces would have been survivable," Mr. Mackay said.

West Shoves Bosnian Serbs Toward a Government

By Chris Hedges
New York Times Service

BIJELJINA, Bosnia-Herzegovina — Despite her poor showing in the parliamentary elections, the Bosnian Serb president, Biljana Plavsic, looks set to form a new government — with the help of her Western backers.

Mrs. Plavsic's candidates won only 15 of 83 seats in elections in November, but her Western supporters have worked to block backers of her rival, Radovan Karadzic, from obtaining a parliamentary majority.

In fact, within a week, Western diplomats say, the government of the Bosnian Serb republic will be in her hands, despite the fact that supporters of Mr. Karadzic, the wartime leader who is now under indictment on war-crimes charges, hold 39 of the 42 seats needed for a majority.

Carlos Westendorp, the Spanish diplomat who is in charge of carrying out the Dayton peace agreement, has warned that he would remove obstructionist deputies from Parliament by the end of the week if the wrangling — such as that which characterized its

meeting Monday — continued. Mr. Karadzic's supporters, who include 15 deputies from the ultra-nationalist Radical Party, would, in effect, be banned from the assembly.

Mr. Westendorp, given broader powers last December by industrialized nations involved in overseeing the peace plan in Bosnia, has been increasingly ruling by fiat. He has set up his own commission to create a common flag after the Bosnian Serbs, Muslims and Croats did not meet a deadline to do so. He has drafted foreign investment legislation, rammed through a common passport and a citizenship law and is working on a common currency after the Muslims, Croats and Serbs did not meet deadlines to do so.

"The international community cannot stay here 10 years," he said. "A government has to be formed, and the peace agreement has to be respected. When I see that a decision needs to be taken, and I have the feeling one side is obstructing its implementation, I will take the decision."

There are hundreds of millions of dollars of the \$5.1

billion in reconstruction and development aid waiting to be disbursed to the Bosnian Serbs. The refusal by the Bosnian Serb leadership to abide by the Dayton accord, which calls for a united Bosnia and the return of more than 1 million displaced people to their homes in the Bosnian Serb republic, has meant that aid for the fiscal years 1996, 1997 and 1998.

Mrs. Plavsic, short of money, has been unable to pay pensions and government salaries or to pay for the operations of schools and hospitals. Western diplomats say her support is eroding. They hope that an infusion of money to a government under her control will bolster her popularity, show Serbs the benefits of cooperating with the international peace effort and isolate the wartime leadership.

Mr. Karadzic, who despite having promised to retire from public life wields enormous influence, sent a rambling letter to his followers last month calling on them "to block the formation of a new government."

Parliamentary and presidential elections are set for September, and Western dip-

lomats said the Serbian hardliners were trying to cling to power until the new vote. Supporters of Mr. Karadzic, like Miroslav Krijanin, the Serbian representative of

Bosnia's three-member presidency, are incensed. "We get very angry when we are threatened," he said. "This is a transparent attempt to destroy us and our republic."

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INTERNATIONAL

France Gropes for a Policy as Slaughter Continues to Torture Algeria

By Craig R. Whitney
New York Times Service

PARIS — Nearly 40 years after a colonial war almost tore France apart and forced a million French settlers from Algeria, France seems frozen into inaction in the face of the horrifying daily slaughter of Algerians by Algerians a few hundred miles across the Mediterranean.

Paralyzed by their own equivalent of the "Vietnam syndrome" that made Americans reluctant to intervene in foreign conflicts long after withdrawing from Indochina in 1975, French leaders of all political persuasions are appalled by the massacres of Algerian villagers, reportedly by Islamic militants.

But they agree that sending French troops back into a country where 24,000 of them died trying to keep it an integral part of France would be folly. Algeria obtained its independence in 1962.

Defense Minister Alain Richard, a Socialist, said Monday, "France considers that today there are government authorities in Algeria and they are making efforts to establish a certain form of democracy which is far from easy when no democracy existed before."

He added, "But we do not consider there is sufficient reason for an internationalization of the conflict. We do not propose the sending of 'blue helmet' peacekeepers," referring to the soldiers sent by the United Nations to places like Cyprus, the Middle East and, until 1995, Bosnia-Herzegovina.

About 65,000 people have been killed since

the Algerian civil war began six years ago — a thousand of them since Dec. 30 alone, the start of the Muslim holy month of Ramadan.

Asked at a New Year's press reception what France or other European countries could do to stop the killings, President Jacques Chirac answered: "Nothing by interference. We have to find a way of acting effectively from the outside," and his voice trailed off as he went on to another subject.

France is not indifferent to the violence in Algeria, officials say, but it is in a peculiarly awkward position even to suggest to the Algerian authorities that they should do more to protect their citizens.

The military-backed government, blamed by many in France for provoking the violence by canceling the second round of parliamentary elections that the Islamic Salvation Front, a fundamentalist party, was poised to win in early 1992, reacted vehemently last week to veiled criticism from the Foreign Ministry in Paris.

The ministry had issued a statement citing "the legitimate right of the Algerian population to be protected," a reaction to public outrage in France after Islamic militants reportedly killed

Algiers Disputes Massacre's Death Toll

Reuters

ALGIERS — The Algerian Interior Ministry on Tuesday denied "with great firmness" that the death toll in a massacre south of Algiers on Sunday night exceeded 400, and stuck with its official figure of 103 dead and 70 wounded.

The ministry, in a statement read on state-run radio, was reacting to Algerian newspaper reports that more than 400 civilians were killed over the weekend in the village of Sidi Hamed, about 30 kilometers (20 miles) south of Algiers.

It asked the newspapers what point "this macabre accounting" served.

"One death is one death too many," the statement said. It denied the higher

toll and said the real numbers were 103 dead and 70 wounded, including 10 in critical condition.

Those numbers were offered by the security services Monday, just hours after the massacre in Sidi Hamed, and represented the highest toll officially acknowledged for a single attack in Algeria's six-year-old conflict.

The newspaper *Liberte*, quoting survivors, said 428 civilians had died and 140 had been wounded.

The newspaper *El Watan*, quoting what it called "sources that are in agreement," reported that 400 people had been slaughtered, most of them women and children.

more than 400 people on Dec. 30 in villages in western Algeria that were previously loyal to the militant cause.

Some French officials have suggested that President Liamine Zeroual's government may be perfectly happy to see its militant foes back and beat each other to death even if civilians are the main victims, a criticism rejected by the Algerian government.

But the authorities in Algiers agreed last week to receive a delegation from the European Union later this month, a mission originally proposed

of the killings are the work of the Armed Islamic Group, the most violent offshoot of the Front, but that some may be carried out by militia groups the Algerian authorities have armed to cut down the militants.

Mr. Hachani said international pressure to stop the violence would have to be delicately calibrated. "The ISF considers that the international community has means of encouraging the authorities to work for the return of peace through real dialogue among all representative political forces," he told *Le Monde*.

not by France but by Germany, whose foreign minister, Klaus Kinkel, could no longer bring himself to stand by while unimaginable violence killed innocent men, women and children so close to Europe.

The Islamic Salvation Front was banned after the canceled elections it nearly won, but in separate interviews with two French publications Monday, its former leader, Abdelkader Hachani, released from prison by the Algerian authorities last summer, unconditionally condemned the violence but said it was not always clear who was committing the killings.

That point is also made by French officials who say most

But whatever measures the international community took, Mr. Hachani said, "They should not include anything that could have negative repercussions on the daily life of the Algerian people. And they should not diminish the sovereignty of the state."

International sanctions like those against Iraq would be unacceptable against Algeria, in other words, and anyway, it is hard to see how sanctions could be used to force the Algerian authorities to act more effectively against violence by militants.

France is living today with the consequences of its war in Algeria.

The *piéds noirs*, as the Algerian settlers were called, resented uneasily in France after independence, and millions of Algerians followed them and were relegated to municipal housing projects where they and their descendants struggle against prejudice, poverty and urban violence.

Islamic militancy in this largely secular milieu would add an unimaginable dimension to France's urban tensions.

A bombing campaign in the Paris underground rapid transit system, organized by sympathizers of the Armed Islamic Group, took a dozen French lives in 1995 and 1996, before the French police broke up the network.

The last thing any French government wants, therefore, is a militant Islamic government in Algeria — another reason why the French authorities say they see hope for democracy even in the only partly free elections Mr. Zeroual held in Algeria last year.

Israel Sets Tough Terms On West Bank Withdrawal

Netanyahu's Long List of Hard-Line Demands Is Rejected by Palestinians and Scorned by Left

By Serge Schmemmann
New York Times Service

JERUSALEM — The Israeli cabinet decided Tuesday that Israel would make no further withdrawal from the West Bank unless the Palestinians satisfied a series of stringent conditions.

The conditions included some, such as the extradition of Palestinian prisoners to Israel, that Yasser Arafat, the Palestinian leader, was most unlikely to honor, especially in the absence of any Israeli movement in the peace process.

Thus the sense among Israeli commentators was that Prime Minister Benjamin Netanyahu would travel to Washington next week for his meeting with President Bill Clinton without any concession that would enable the long-stalled peace negotiations to resume. Mr. Clinton is to meet with Mr. Netanyahu on Jan. 20, and with Mr. Arafat on Jan. 22.

The Israeli decision followed a brief visit by Dennis Ross, the U.S. mediator for the Middle East, that was generally depicted as a failure by Israelis and Palestinians alike. Mr. Ross reportedly failed to find any new formula that could break the nine-month deadlock.

The cabinet has scheduled several meetings before Mr. Netanyahu's mission, but given the hard-line tone of the government after the resignation of the relatively moderate David Levy as foreign minister, it seemed unlikely that the stance would be softened.

The position adopted Tuesday by the cabinet was that the "note for the record" that the United States appended to the Hebron agreement signed a year ago spoke of the "basis of reciprocity," and that any further Israeli action under the Oslo peace agreements was therefore conditional on the Palestinians' fulfilling what the Israelis described as their "commitments" under the American note.

The list put out by the Israelis included a long series of demands, ranging from another revision of the Palestinian National Charter to protection of the environment and extradition of 34 Palestinians wanted by Israel for terrorism. The cabinet set up a team led by Danny Naveh, the cabinet secretary, to monitor Palestinian implementation of the demands.

In fact, the "note for the record" signed by the former Secretary of State, Warren Christopher, included none of these requirements.

What it said was, "We intend to continue our efforts to help ensure that all outstanding commitments are carried out by both parties in a cooperative spirit and on the basis of reciprocity."

In another note to the Palestinians, Mr. Christopher recorded Israel's pledge that it would undertake the three further withdrawals required by the Oslo agreements, and would complete them by mid-1998. No withdrawals have been made.

Army Radio reported that the cabinet's uncompromising position was pushed through by three hard-line ministers, Ariel Sharon, Limor Livnat and Yitzhak Levy.

Palestinian officials rejected the conditions as another attempt by the right-wing Israeli government to avoid any further withdrawal. "These are new games of deceit and stalling tactics used by Netanyahu," declared Saeb Erekat, a senior Palestinian negotiator.

Israeli commentators and opposition politicians depicted the move as an attempt by Mr. Netanyahu to put impossible conditions on the Palestinians, and make them appear to be the cause of the deadlock.

Asked by reporters whether he was giving an "ultimatum" to the Palestinians, Mr. Netanyahu said, "No. There are no ultimatums here. We are fulfilling all our commitments and we expect the Palestinians to fulfill their obligations and we say that if they are indeed fulfilled, let there be no doubt, we will move forward with the redeployment."

Writing in the *Jerusalem Post*, Yossi Beilin, a leader of the Labor opposition, said that Mr. Netanyahu's plan "is to present a set of exaggerated conditions to the Palestinian Authority while ignoring his government's disregard for various sections of the Hebron accord. It's clear to him that the Palestinians will not fulfill his conditions as long as he's ignoring his obligations."

The position Mr. Netanyahu has taken puts Secretary of State Madeleine Albright and Mr. Clinton in a tough bind. The meeting with the president was originally proffered in December as an incentive for Mr. Netanyahu to come through with what the Americans have described as a "credible" withdrawal.

But with the rightward shift of the Israeli government after the defection of Mr. Levy, Mr. Netanyahu will now be seeking American endorsement for a plan that can only lead to further deterioration in the already faltering Oslo process.



Alex Musil, a software engineer, taking advantage of Netscape's concierge service, a perk offered to employees.

HELP: Silicon Valley Is Falling Short of Computer Programmers

Continued from Page 1

requiring software skills should be created, according to a recent Bureau of Labor Statistics report. That represents a remarkable 6 percent of all new jobs expected to be created in that period.

But those numbers, which make no attempt to measure projected supply, join a slew of other statistics that expose the extent of a labor shortage that could have significant economic repercussions. According to industry estimates, 200,000 to 400,000 jobs requiring computer software skills stand open now.

In Silicon Valley, where the competition for the best and brightest is most fierce, companies, such as Netscape Communications Corp., offer such perks as car washes at lunch and an in-house dry-cleaning service that provides cubicle-to-cubicle delivery.

Without enough programmers to go around, established companies are being

forced to delay or even scrap technology projects, and start-ups are finding it harder to attract the workers they need.

If the talent drought continues, the entire national economy may feel the effect of lost wages and slowed innovation. The competitive advantage that the United States has long held in technology may be at risk.

Some economists argue that the work force will naturally swell to meet the demand as salaries for those with software skills climb as much as 20 percent annually compared with the 4 percent annual wage increase of the average American worker. The average programmer earned \$38,200 in 1995 and \$66,500 in 1996, according to the Information Technology Association of America. But a consensus is growing in industry, academic and government circles that the lure of higher pay may not, by itself, be sufficient to correct the skilled-labor shortage.

"Despite the fact that there are huge salaries to be made, kids don't choose these fields," said Richard Skinner, president of Clayton College and State University in Atlanta, who heads a Commerce Department task force on how schools are responding to the shortage.

A good programmer needs to exist comfortably in the "machine state," writing and meticulously checking and double-checking hundreds of lines of code that are often just a small part of a much larger project. It is a talent that is hard to come by — and one often disparaged in mainstream culture.

There are few role models for computer-related jobs, and even people, such as Bill Gates, chairman of Microsoft Corp., tend to be far better known for their achievements as business moguls than for their skills as software engineers.

"Let's face it, when you think of a programmer, the image is an overweight person eating Snickers bars and drinking Coke and sitting in front of a screen with big glasses on," said Ed Lazowska, chairman of the computer science department at the University of Washington. "Where's the intellectual excitement? Why would you choose civil engineering or mechanical engineering? There's only so much you can do with asphalt."

The bigger problem may have less to do with image than with reality. The jobs where programmers conceive and design products are rare. Most openings are for what students refer to derisively as "cubicle hackers" or "code machines," people who type endless streams of commands to someone else's specifications.

DOLE: He Is Now Foreign Agent for Taiwan

Continued from Page 1

committee to borrow \$150,000 from Mr. Dole to help pay off his \$300,000 ethics penalty. Mr. Gingrich said he would replace the Dole arrangement with a bank loan if Mr. Dole ever became a registered lobbyist.

Mr. Dole's law firm said Monday that his work for Taiwan would not jeopardize the loan arrangement because Mr. Dole would not actually lobby on Taiwan's behalf. Rather, said John Merrigan, a partner in the law firm, Mr. Dole would provide "strategic advice and counseling."

He said Mr. Dole's planned work for Taiwan triggered a requirement that he register under the Foreign Agents Registration Act, which covers people who advise foreign governments on political strategies even if they do not directly contact lawmakers or the administration. In contrast, the Lobby Disclosure Act, the law governing other lobbyists, is triggered only when the lobbyist has two or more contacts with congressional or executive branch officials.

Mr. Merrigan said that his firm "reached the conclusion that since he won't lobby" and since the ethics committee's "concern was that lobbyists won't be allowed to make loans and affect the judgments of those they lend money to, it's O.K."

Representatives James Hansen, Republican of Utah, and Howard Berman,

Democrat of California, the chairman of the House ethics committee, appeared sympathetic to that interpretation. "Registration under the Foreign Agents Act is not an indication of whether such activities are intended," they said. "The committee is in the process of ascertaining whether such activities are intended."

On Monday, Mr. Dole's law firm filed an amended statement making clear that he would not engage in "any lobbying." But Representative David Bonior, Democrat of Michigan, the Democratic whip, said "this situation poses serious questions about the speaker's compliance" with the restrictions placed on the loan by the ethics panel and called on the committee to investigate.

Mr. Merrigan said Mr. Dole "has been very reluctant" to register as a foreign agent but finally decided to do so because he had been a supporter of Taiwan throughout his legislative career.

Before leaving the Senate, Mr. Dole pushed through an amendment that imposed a lifetime ban on the U.S. trade representative or deputy trade representative from advising foreign governments. "The real problem here is one of appearance — the appearance of a revolving door," Mr. Dole said at the time.

"This appearance problem becomes all the more acute when former high government officials work on behalf of foreign interests."

IRAQ: U.S. Agrees to Switch of Inspectors

Continued from Page 1

more countries. Nearly 20 nationalities are represented in the UN inspection system, which involves permanent staffs in New York and in Baghdad and specific teams recruited for missions.

But Americans have dominated the inspection process in numbers and in prominence, so Mr. Rubin's statement of U.S. openness to teams with a more international character could prove a diplomatic gain for Washington and for the United Nations.

In challenging the inspections, Iraq has played on the idea, which has often sounded persuasive in parts of the Middle East and even in Europe, that the international arms-monitoring program has been manipulated by the United States to keep Iraq in quarantine.

Some Americans have been particularly outspoken in describing the potential threat posed by hidden Iraqi equipment and sometimes used aggressive tactics in flushing out secrets. That description would fit Scott Ritter, the American in charge of the team blocked Tuesday, whom Baghdad accused of working for the Central Intelligence Agency.

Mr. Ritter, a former U.S. Marine who worked in military intelligence during the Gulf War, rejected the charges, and colleagues described him as too independently minded to work for the CIA. Iraqi officials had similar objections to Mr. Ritter's predecessor, a Russian.

BRIEFLY

Kaunda Dismisses Coup Allegations

LUSAKA, Zambia — Former President Kenneth Kaunda, under house arrest for allegedly backing an attempted coup against the Zambian government, dismissed the accusations Tuesday as "utter rubbish."

"I cannot understand how any sensible person can attribute all of this to me," Mr. Kaunda said at a court hearing where his lawyer read out the grounds for his detention.

Legal papers served on Mr. Kaunda over the weekend accused him and two other politicians of paying \$270 each to junior army officers involved in a failed October coup. (Reuters)

Delegation Meets With Iraqi Kurds

ANKARA — Western officials met with a delegation of an Iraqi Kurdish faction Tuesday in a bid to revive stalled talks on establishing lasting peace in northern Iraq.

Officials from the United States, Britain and Turkey, joint sponsors of a peace process among Kurdish groups, held talks with members of the Patriotic Union of Kurdistan.

The faction said in October that the peace process had effectively ended, accusing Turkey of taking sides in its clashes with the Kurdistan Democratic Party. (Reuters)

Mexican Police Fire on Protesters

OCOSINGO, Mexico — Mexican police opened fire on rock-throwing demonstrators in the state of Chiapas, killing a woman and wounding her 3-year-old daughter.

Federal authorities ordered the army to investigate, and soldiers arrested a police commander and 26 officers, officials said.

The violence Monday, recorded on video, broke out during an international day of protest against the massacre on Dec. 22 of 45 Indian refugees in Chiapas. (Reuters)

For the Record

Hundreds of Colombian inmates and their relatives ended a standoff after reaching agreement Monday with government negotiators on improving prison conditions and easing overcrowding. (AP)

Albright Assails U.S. Congress for Impasse on Iraq

The Associated Press

WASHINGTON — Looking back on her first year as secretary of state, Madeleine Albright said Tuesday that American efforts to present a united front against Iraq were undermined when Congress used "legislative blackmail" to block payment of the U.S. debt to the United Nations.

But even as she attacked lawmakers, she appealed for their support in the coming year for an indefinite expansion of the U.S. peacekeeping role in Bosnia-Herzegovina and the admission of three new NATO members.

Mrs. Albright returned to the Center for National Policy, a research organization she once headed, to review U.S. foreign policy during her first year in office and discuss her goals for 1998.

Faced with new resistance by Iraq, which refused Tuesday to give a U.S. weapons inspector access to a suspected site, Mrs. Albright departed from her prepared text to face down President Saddam Hussein. "We will not rule out any options," she said.

Lawmakers, she said, had created a "truly ridiculous" impasse by refusing last year to repay U.S. debts to the United Nations during a confrontation with Iraq.

"The failure to pay our UN debts undermines our leverage just as Saddam Hussein was challenging the authority of the Security Council," Mrs. Albright said.

She also urged Congress to stay the course on Bosnia, warning that premature withdrawal of U.S. peacekeepers would squander all that had been achieved in the past two years. A withdrawal would "abandon those throughout Bosnia who have placed their faith in the United States," she said.

In addition, she issued a strong appeal to the Senate to support the admission of the Czech Republic, Hungary and Poland into the North Atlantic Treaty Organization.

FRANCE: Riot Police Evict Demonstrators From a Paris Bourse

Continued from Page 1

change, either in its goals or in its timetable, I respond with a clear 'No.'"

Also Tuesday, five employers' associations, including the leading National Council of French Employers, known as the CNPF, asserted that Mr. Jospin's proposal to reduce the workweek to 35 hours a week was a job killer. The associations released their statement after a meeting with President

Jacques Chirac, a conservative who has also criticized the plan to slash the official workweek.

With unemployment at a stubborn 12.4 percent and 3.1 million people out of work, Mr. Jospin's coalition of Socialists, Communists and Greens plans to open parliamentary debate on Jan. 27 on a draft bill to cut the work-week by 2000.

On Friday, Mr. Jospin promised 1 billion francs (\$166 million) in emergency aid to the hardest-hit jobless. But

on Saturday his government ordered riot police to expel demonstrators from about 20 public offices.

Mr. Jospin has refused to give in to the jobless activists' main demand: higher monthly unemployment benefits.

The protests have been a severe embarrassment to the leftist coalition that took power in elections last June partly out of anger against the previous conservative government's inability to reduce unemployment.

ASIA/PACIFIC

Undaunted, Indonesian Leader Plans to Run for a 7th Term

By Seth Mydans
New York Times Service

JAKARTA — As a growing number of Indonesians called publicly for President Suharto to step down, the ruling party he controls, Golkar, affirmed Tuesday that it would nominate him for a seventh five-year term in March.

Mr. Suharto, 76, has not said publicly if he wishes to stay on after 32 years in office, but most Indonesians are convinced that he does. If he chooses to, he is assured of re-election at the meeting in March of a 1,000-member electoral assembly dominated by his supporters.

The party announcement came at a moment when Mr. Suharto, 76, faces great political pressure at home as well as a push by foreign governments to bring his tumbling economy under control.

The capital city, Jakarta, is alive with

the sirens of motorcades as foreign officials arrive to meet with the president. His telephone has been ringing with calls from foreign leaders urging him to implement the politically difficult austerity measures they say are necessary to restore the economy's health.

Mr. Suharto has so far equivocated on measures recommended by the International Monetary Fund, and his announcement of a new annual budget last week that failed to incorporate austerity measures touched off a crash of the Indonesian currency and stock markets as well as a panic buying.

The concerted attention from foreign governments has helped buoy confidence here. The principal stock index rose Tuesday, affected in part by a rise in other regional markets, and the currency, the rupiah, strengthened slightly to close at about 8,450 to the dollar.

Indonesia also suffers from an overwhelming burden of corporate debt which, with the weakening currency, has become ever more difficult to repay.

On Tuesday morning, Deputy Treasury Secretary Lawrence Summers met with Mr. Suharto for 40 minutes, bearing a message from President Bill Clinton on the need for economic reform.

"It's clear that President Suharto recognizes the need," Mr. Summers said, "to take strong steps of the kinds that have been under discussion with the IMF to create confidence and to build on the very strong foundation for prosperity that Indonesia enjoys."

He was joined in Indonesia on Tuesday by the U.S. defense secretary, William Cohen, who was scheduled to meet Mr. Suharto on Wednesday as part of a tour of the region.

The managing director of the IMF,

Michel Camdessus, was also scheduled to arrive Wednesday for meetings with the president. IMF officials have voiced concern that Indonesia is not fulfilling the conditions they imposed when they organized a \$40 billion rescue package last October.

But Mr. Suharto has reason to hesitate. The austerity measures that are being demanded threaten his own financial interests and those of his powerful children and friends, and they also raise the possibility of social unrest leading to turmoil.

Indonesians have learned to live with authoritarian rule that curtails their political and civil liberties, in exchange for a constantly rising standard of living. Tens of millions of people have been pulled up from poverty with an economy that has expanded at more than 6.5 percent a year for the past three decades.

The caption under Mr. Suharto's portrait on Indonesia's 50,000 rupiah note reads, "Father of Development." But that note is worth only one-third of its value six months ago.

With the sudden slowing of economic growth — and likely recession this year — the public reaction has been immediate.

As they never dared to before, growing numbers of people are demanding that Mr. Suharto step down. In recent days these calls have come from political critics, influential Muslim leaders, a respected group of former generals and small, noisy groups of demonstrators.

The austerity measures that would restore investor confidence and, it is hoped, revive the economy, are expected to cause widespread bankruptcies, rising prices and millions of job losses that would threaten the country's social fabric.

BRIEFLY

Pakistan Massacre Leads to 300 Arrests

LAHORE, Pakistan — Police swept through Sunni Muslim mosques, offices and religious schools and arrested more than 300 people after a massacre of 28 Shiite Muslims, officials said Tuesday.

The killings Sunday — as the Shiites were kneeling in prayer at a Lahore cemetery — sparked nationwide protests.

A militant Sunni group, Lashkar-e-Jhangvi, or Force of Jhangvi, claimed responsibility for the killings and threatened further attacks against Pakistan's minority Shiite Muslim community. (AP)

Chinese Farmer Kills 2 With Bomb

BEIJING — A Chinese farmer blew himself up with a homemade bomb in a house here, killing himself and two other people and injuring six, the police said Tuesday.

The bomber, identified only by his surname, Tian, was from the central province of Henan, the police said.

Mr. Tian's reason for setting off the bomb was unknown. The police said they were trying to determine whether he had built the bomb. (Reuters)

Ranariddh's Allies Delay Returning

PHNOM PENH — Supporters of Cambodia's deposed co-prime minister, Prince Norodom Ranariddh, have delayed their return home, saying events including the departure from Cambodia of King Norodom Sihanouk and the suspension of several opposition newspapers had jeopardized the prospect of free and fair elections, the prince's office said Tuesday.

The opposition politicians, who left Cambodia after Prince Ranariddh was toppled in July, had been due to return Wednesday. (Reuters)

For the Record

Fourteen people were wounded, nine seriously, when a bomb exploded Tuesday on a bus in Jammu, the capital of the Indian state of Jammu and Kashmir, the police said. (Reuters)

Arms Makers Scramble To Keep Asia Contracts

By Steven Lee Myers
New York Times Service

KUALA LUMPUR — The slowing of Asia's military spending spree — one outgrowth of the region's economic crisis — has thrown American, European and Russian arms makers into a heated competition for billions of dollars in remaining weapons sales.

While it is not clear how long the economic crisis will last, the contagion that has swept economies from Malaysia to South Korea could erode one of the few growing markets for American-made weaponry, and the prospect is stirring concern at the Pentagon and among American military contractors.

looking to buy from European and Russian manufacturers, that the United States could be a reliable, flexible seller, even in times of crisis.

While security issues remain high on Mr. Cohen's agenda, the economic crisis in Malaysia, Thailand, Indonesia and South Korea — all of which he is to visit — will loom large.

Perhaps the clearest indication of the trip's changing agenda was the last-minute addition of an official from the Treasury, Todd Crawford, to Mr. Cohen's military entourage.

For major U.S. arms makers, the market in Asia remains relatively small compared with the Pentagon's spending on weapons procurement, which totals about \$45 billion this year. Arms exports, which are strictly controlled by the State Department, are expected to reach \$14 billion to \$16 billion, of which no more than a quarter are headed to Asia.

They fear that a prolonged downturn could slash sales the Pentagon relies on to keep production costs lower for its own purchases. Already, Defense Secretary William Cohen is looking for ways to retain the contracts.

In recent years, Asia, particularly Southeast Asia, had become the big growth market for fighters, missiles, tanks and other modern armaments, much to the dismay of arms-control advocates in the United States and other countries.

The collapse of currencies and spending constraints imposed by international bailout deals have achieved in a few months what those advocates could not do in years: The weapons buyers are abandoning some major arms deals and postponing ambitious plans for others.

But at a time when the Pentagon has faced budget restraints, Asia has been one of the only growing markets, except for the flurry of purchases in the Middle East after the Gulf War.

After the Cold War, the "tiger" economies in Southeast Asia in particular set out to use their deep financial reserves to modernize their militaries, even though they faced no immediate security threats.

Six of the seven countries Mr. Cohen will visit during his trip have spent more than \$3 billion on American arms over the last three years. American law forbids the export of weapons to the seventh, China.

Thailand has asked the United States to help renegotiate its purchase of eight F/A-18 fighter jets for \$400 million. In the last week alone, Indonesia announced that it would put off plans to buy \$1 billion in Russian weapons, while South Korea said it would delay the purchase of four AWACS, the American-made electronic surveillance jets.

"There will certainly be a hiccup of sorts in the Asian procurement," said Joel Johnson, vice president of the Aerospace Industries Association, a trade organization in Washington that represents aircraft makers. "The question is whether it's going to be just a hiccup or an Asian flu that could last a long time."

Arriving here on the first stop of a 12-day tour of Asia, Mr. Cohen pledged that the United States would do what it could to help the countries weather the storm, using its leverage with American manufacturers to help salvage weapons purchases.

Advocates of arms control have sharply criticized the Asian arms buildup, as well as Washington's eagerness to supply it, saying the rush to modernize could destabilize the region by stoking lingering fears and dormant hostilities.

Caleb Rossiter, director of Demilitarization for Democracy, an arms-control group in Washington, called many of the purchases "prestige buys," meant merely to enhance the standing of one country or another in the region.

But he said countries like Malaysia, Singapore and Indonesia have also been trying to expand their ability to use force beyond their borders and into the shipping lanes of the South China Sea, where there are potentially dangerous territorial disputes over several island groups.

At a press conference Monday with the deputy prime minister of Malaysia, Anwar Ibrahim, Mr. Cohen said, "Obviously, we are interested in helping these countries who are experiencing difficulties right now also deal with their security concerns — by either stretching out or finding some other method of payment or some deferral of payments in order to accommodate them."

An official traveling with Mr. Cohen said it was important to show to countries in the region, which have also been

Malaysia has revised its budget to scrap plans to spend \$500 million to \$600 million to buy new equipment, including American attack helicopters, armored vehicles and possibly several F/A-18 fighters.

Mr. Cohen said that he had not discussed sales during his meetings Monday with Mr. Anwar or the prime minister, Mahathir bin Mohamad. And he and his aides have tried to play down the impact the economic crisis was having on arms sales.

Hostage-Taker at Tokyo Exchange Calls It a Day

By Stephanie Strom
New York Times Service

TOKYO — Add hostage-taking to the woes afflicting the Japanese stock market.



Police guarding the exchange Tuesday during hours of negotiations.

Shortly after noon Tuesday, a man took a government official working at the Tokyo Stock Exchange hostage and posted a sign demanding a halt in trading and the "submission" of Finance Minister Hiroshi Mitsuoka — although to whom and what Mr. Mitsuoka was to submit remained a mystery.

All afternoon and into the evening, grim-faced police officers wearing helmets and bulletproof vests and bearing shields ringed the exchange's granite headquarters in Kabuto-cho, the financial district here, while inside officers in business suits attempted to coax the man to surrender or at least release his hostage, Masahiro Abe, an official working in the Ministry of Finance's oversight office at the exchange.

They eventually prevailed, and on Tuesday night the abductor let Mr. Abe go and was taken into custody by the Tokyo Metropolitan Police.

Many speculated that the man was a desperate version of the many people who have lost money with the stock market's failure to regain steam after the "bubble" economy burst seven years ago. But the incident was probably more a gesture of rightist militancy than desperation over stock prices. There were reports that the hostage-taker had been arrested at least twice before and appeared to have rightist sympathies.

Sumitomo Real Estate Corp. and taking the executive's wife hostage, according to television reports. He and his accomplices said then that they were protesting the Yalta and Potsdam treaties that were the blueprints for world economic and political power drawn up by the victors after World War II.

The reports also said the man, identified by one report as having the surname Itagaki, was arrested in 1982 for carrying firearms and swords.

On Jan. 13, 1987, the man was one of three intruders arrested for breaking into the home of a top executive of Sumitomo Real Estate Corp. and taking the executive's wife hostage, according to television reports. He and his accomplices said then that they were protesting the Yalta and Potsdam treaties that were the blueprints for world economic and political power drawn up by the victors after World War II.

The reports also said the man, identified by one report as having the surname Itagaki, was arrested in 1982 for carrying firearms and swords.

Chinese Dissident Criticizes France

Agence France-Presse

PARIS — The Chinese dissident Wei Jingsheng accused France and other Western governments Tuesday of surrendering to Beijing's economic allure and forsaking the struggle for human rights in China.

Mr. Wei, who is considered the father of China's democratic movement, said the "retreat" of Western governments over the issue of human rights in China in recent years had "provoked intense disappointment" among opposition activists in the country.

Mr. Wei, 47, arrived here Tuesday to learn that his requests for meetings with President Jacques Chirac, Prime Minister Lionel Jospin and Foreign Minister Hubert Vedrine had all been turned down.



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U.S. Sees Political Threat in Asia Crisis

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The cascading economic crisis in Asia threatens to generate political and strategic side effects that could undermine U.S. interests from Thailand to Taiwan, senior Clinton administration officials and independent analysts assert.

The administration has spoken little in public about noneconomic fallout from the crisis. But the State and Defense departments have a long list of concerns about the impact of the financial crisis on Asia's political and military stability, senior officials said, including the potential inability of some countries to modernize their armed forces and the possibility of a Chinese crackdown in Hong Kong.

terity measures sparks unrest in such countries as Indonesia — as it has in other parts of the world — that price must be paid, the senior officials said.

Independent analysts and administration officials say some political and strategic side effects are more likely than others. The list includes these possibilities:

- Unrest in Hong Kong could provoke a crackdown by Beijing.
- Loss of export markets could force China to lay off workers at state-owned industries, with potentially disruptive consequences.
- A cash-strapped South Korea could have trouble paying for its share of nuclear power reactors to be developed in North Korea, jeopardizing the U.S.-North Korea nuclear agreement.
- Political instability in Indonesia could result in violence, potentially disrupting oil markets because Indonesia is a major producer and possibly jeopardizing the security of narrow shipping lanes that carry most of Japan's oil.
- Hundreds of thousands of expatriate workers in Indonesia and other countries could be laid off, creating another source of instability.
- Japan and South Korea may want to renegotiate their share of the cost of keeping U.S. troops stationed there, forcing Washington either to pay more or to bring some of the troops home.
- Because of weak currencies, Asian consumers could drastically reduce purchases of American goods, increasing the U.S. trade deficit and making it still more difficult for Mr. Clinton to persuade Congress to give him expanded

negotiating authority to conclude free-trade agreements.

- North Korea could "be very tempted to fish in troubled waters" if strikes and demonstrations break out in the South, said James Lilley, a former U.S. ambassador to Seoul.

Officials and others are also concerned that in the long run, resentment of a perceived U.S. arrogance in a difficult situation — insisting that Asian nations knuckle under to the IMF no matter the domestic consequences — might disrupt key bilateral relationships in the future.

"We do recognize that there are major geopolitical ramifications," a senior State Department official said, "but we also agree with Treasury that we have to adhere to the IMF program."

Some of those issues will be addressed publicly over the next two weeks as Defense Secretary William Cohen and Stanley Roth, assistant secretary of state for Asian affairs, travel through Asian capitals with a message of reassurance, senior officials said.

Officials say that since November an administration team has been analyzing the possible effects.

President Bill Clinton, Treasury Secretary Robert Rubin, Secretary of State Madeleine Albright and other senior officials decided to give priority to fiscal stability and implementation of reforms demanded by the International Monetary Fund rather than confronting possible political and strategic side effects of the economic crisis.

If implementation of the Fund's an-

But Ezra Vogel, a Harvard University professor who was East Asia specialist at the CIA during Mr. Clinton's first term, said, "I think a lot of Asians are disturbed by the American triumphalism."

Asians do not like to be told that "the American system of open markets is now proved successful and they will improve by being more like us," Mr. Vogel said.

And Michael Green, an Asia specialist at the Council on Foreign Relations, said: "In terms of economic policy, the administration is right to insist on the IMF requirements and not encourage alternative schemes. But politically, the problem is that this is an extremely sensitive time of transition in all these countries. These next few years are going to test their tolerance for globalism, which means American hegemony. If we are arrogant about it, the response could be intense nationalism."

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Saddam Yet Again

Stand Up for the UN

Since the partial resolution of the most recent Iraq crisis last November, the issue of United Nations inspections has dropped from the center of public attention. But this is not because Iraq is lately permitting UN inspectors to search for illicit chemical and biological weapons caches, as UN resolutions demand. To the contrary, Iraq has put off-limits a large number of sites where inspectors believe dangerous materials may be hidden.

But the Clinton administration has been in no mood to press the issue, which just last November it was describing as urgent. Instead, administration officials have chosen to portray the end of the November standoff as a UN victory, and to insist that time is on the United Nations' side.

Saddam Hussein doesn't seem to have got that message. Far from relenting on the question of his off-limits "palaces," the Iraqi regime said on Monday that it will bar one team of inspectors, led by an American, from doing its job.

This is the same tactic that precipitated last fall's crisis — Saddam's desire to dictate the composition of the UN teams, to pick and choose inspectors by name and nationality. Whether this game is intended to pit one UN ally against another, or to weaken the inspectors' expertise, or both, does not really matter. It is another contemptuous breach of the rules.

Saddam Hussein got into this with unprovoked aggression against a small-

er country. He lost the war that resulted and, as a condition of cease-fire, agreed to cede his weapons of mass destruction and to allow UN inspectors to verify that he had done so. Thus far he has not fulfilled those conditions.

This would be a good time for Security Council members to stand up for the authority of the United Nations. Some, notably France and Russia, seem to have grown tired of the sanctions regime. Again, it is not really relevant whether they are motivated by concern for Iraqi civilians, greed for oil profits or desire to establish foreign policies distinct from that of the United States. The point is that the basic facts cannot justify an end to sanctions: Iraq continues to conceal weapons capable of horribly killing millions of people.

Rather than undercutting the United Nations and thereby encouraging Iraqi defiance, France and Russia should be making clear to Iraq that its only way out of sanctions is compliance.

The United States has a role to play, too. As long as it pretends to win victories where none have been achieved, as long as it plays down the extent and importance of Iraqi intransigence, the Clinton administration can expect to be challenged again and again by Saddam Hussein.

Until he is convinced that the Clinton administration is serious about sanctions and willing to back them up with force if necessary, Saddam will keep playing these games. And, blusterous U.S. claims to the contrary, these are not games that the United Nations appears to be winning.

—THE WASHINGTON POST.

Baghdad Must Obey

Just as the Clinton administration was hoping to push Iraq backstage so that Washington could concentrate on the State of the Union, Saddam Hussein has bounced back into view. Once again he is trying to dictate conditions to UN weapons inspectors. His latest maneuver is no more acceptable than his last, and the White House should be under no illusion that it can pretend it has solved the problem of Iraq's effort to produce deadly biological and chemical weapons.

Unfettered movement by United Nations inspectors must be a firm position of the Security Council and the United States. The last round of skirmishing with Iraq ended with the return to Baghdad of inspectors, but no permission from the Iraqi government for them to visit presidential palaces and dozens of other sites where chemical and biological agents might be manufactured or stored. Now that Saddam has balked at a weapons inspection team led by an American, the Security Council should assert the United Nations' authority not only to select the inspectors but also to determine where they can go.

Not all Security Council members are eager to insist. France and Russia are looking to lift sanctions and share in Iraqi oil revenues and trade. Arab countries, unhappy over the continued suffering of the Iraqi people and the break-

down of negotiations between Israel and the Palestinians, are unwilling to follow the United States' lead on Iraq.

But President Bill Clinton is not without leverage. The Iraqi threat bears more immediately on its neighbors than on America. Saddam used chemical weapons against the Kurds in 1988 and is quite capable of using them again, or of employing germ weapons. Saudi Arabia, Egypt and other Arab countries cannot be complacent.

Although Russia likes to romance Iraq, it stands to gain little by letting Baghdad develop means of mass destruction. President Clinton should use the friendship he has worked hard to develop with President Boris Yeltsin to secure Moscow's support for a firm line on Iraq. France, too, may seek improved relations with Iraq, but in this crisis there are larger interests that President Jacques Chirac surely understands.

In recent weeks the Clinton administration mistakenly glossed over the partial resolution of last fall's crisis involving the expulsion of inspectors, playing down the continuing restrictions on their activities. Mr. Clinton needs to revive the sense of urgency he conveyed immediately after the crisis eased. As he clearly noted then, the issue has not been satisfactorily resolved and the use of military force cannot be ruled out until Iraq obeys United Nations resolutions and lets weapons inspectors do their jobs.

—THE NEW YORK TIMES.

An Irish Settlement

The episodes of violence of recent weeks in Northern Ireland were conducted by unrepresentative Catholic and Protestant fringe groups and did not infect, although they shook, the paramilitaries associated with parties at the peace table. Some part of this outcome was achieved by the virtuoso personal diplomacy of the British government's Mo Mowlam. At least for this time, the work of containment has been done. The cease-fire may be the stronger for having been tested by fire. Northern Ireland's underlying popular "coalition of grief" may be the closer.

Even before the Christmas recess in the talks, it was evident that the parties needed to move on from issues of participation to issues of substance. This the British and Irish governments have now made possible by putting on the table a brief outline of a negotiating agenda, one that represents "our best guess at what could be a generally acceptable outcome." The hard part of balancing the conflicting national allegiances of Northern Ireland's two communities — the Protestant majority's allegiance to Britain, the Catholic minority's to Ireland — is under way.

The Protestant majority devoted to continuing union with Britain is ap-

prehensive. Its British tie stands to be confirmed, as long as Protestants are in the majority. But the Irish minority in what is now a British province ruled from London stands to be offered a new share in governance. Protestants will be given modern guarantees, but they remain the ones who will be asked to move over and make a place for their ancient adversaries. This is embedded in the British-Irish proposals for a new Northern Ireland system of governance and a new enveloping British-Irish agreement, too.

The trick of the negotiation will be to ensure that the result is not seen as a zero-sum game of winners and losers but as an arrangement of mutual advantage. The actual terms of any emerging agreement will be important, but not so important as the spirit in which these terms are reached. In this effort, more political than constitutional, the first burden falls on the Northern Ireland parties. A crucial responsibility for balance and empathy also rests on Britain and Ireland and, not least, on the chairman of the talks, former Senator George Mitchell. He represents the heavy American moral and emotional interest in an Irish settlement.

—THE WASHINGTON POST.

Mideast Peace Process: Three Options for Clinton

By Thomas L. Friedman

WASHINGTON — Next week Benjamin Netanyahu and Yasser Arafat will visit Washington in the latest last-ditch effort to revive the peace process. Bill Clinton will have the opportunity to make some very clear choices. Let us hope he is up to it.

In preparation for these visits, the United States asked Israelis and Palestinians to do two things. Israel was asked to produce a plan for the second phase of redeployment, obligated under the Oslo accords, that would turn over to Palestinian control an additional 12 to 15 percent of the West Bank.

The Palestinians were asked to sit with the CIA and the Israeli military and work out a mutually acceptable plan for ensuring Israeli and Palestinian security as a prelude to final-status talks.

According to the Israeli press, the Palestinians, the CIA and the Israeli military worked out a draft security plan last month that was satisfactory to Israel's generals, but it was rejected by Prime Minister Netanyahu, partly on grounds that it required Israel to deal with its own "extremists" (radical settlers), which created political problems for Mr. Netanyahu, and partly because he did not want to have the pressure of

an acceptable security framework having been worked out by his own generals and the Palestinians at a time when he was having problems producing his withdrawal side of the bargain.

In any event, Mr. Netanyahu is expected to bring a plan that will include something in the 10 percent range of an Israeli withdrawal — not bad — but laden with political conditions.

He apparently wants a five-month hiatus before any withdrawal, during which Palestinian commitments on security, as well as a host of other political demands (such as toning down anti-Israeli Palestinian rhetoric), will be tested. Then, after five months, the Israeli cabinet would vote on whether it thinks the Palestinians have met Israel's demands for "reciprocity." If not, no withdrawal. That means that any cabinet member could scuttle the deal.

How should the United States respond? It has three options.

Option 1: Work with whatever Mr. Netanyahu brings. He says this is all he can get out of his fragile coalition. Fine,

let us try to sell it to Chairman Arafat.

But to sell it to Mr. Arafat, the United States just cannot say that this is all Mr. Netanyahu can offer, take it or leave it. That would go nowhere and would undermine U.S. credibility. Both Mr. Netanyahu's and Mr. Arafat's political concerns should be addressed.

Therefore, the United States should propose a phased withdrawal. Israel would withdraw 2 percent in the first month in return for Palestinian completion of the security accord; 2 percent in month two in return for Palestinians' rewriting of their covenant; 2 percent in month three, etc. Reciprocity for reciprocity.

And both sides should desist from unilateral steps, whether it is Israeli settlements, Palestinian activities in Jerusalem or efforts to delegitimize the other, that will upset the program. (Mr. Netanyahu delegitimizes Mr. Arafat as much as Mr. Arafat smears him. Both need to stop. Reciprocity for reciprocity.) The whole idea is to build an environment that would give final-status talks a chance to succeed.

If Mr. Netanyahu is serious about reciprocity and living up to his commitments, this plan could work. If Mr.

Arafat is serious about getting quickly to final-status talks and living up to his commitments, this plan could work.

Option 2: The United States concludes that the gap between Mr. Netanyahu and Mr. Arafat is unbridgeable. In this case, it should declare publicly what it believes would be a fair deal: a second-phase withdrawal in the 10 percent range, a time-out in Israeli settlement building, and a Palestinian-Israeli security accord that meets the legitimate demands of the Israeli cabinet. If the parties want to walk away from that, then the United States will walk away from the peace process, leaving the parties on their own.

No doubt in the short run both Mr. Netanyahu and Mr. Arafat would try to spin such a U.S. walkout to their political advantage. But in the long run neither man can afford to stand before his people, naked, alienated from the United States and without any peace process. Trust me.

Option 3: Mr. Clinton fumes in private, says nothing in public and proceeds with a peace process he knows will go nowhere.

God save us from Option 3.

The New York Times.

Wake-Up Call From Peregrine to Bankers Everywhere

By Philip Bowring

HONG KONG — The collapse of the Hong Kong investment bank Peregrine is the only one of many episodes in Asia's financial drama that it underlines the global implications of Asia's problems and encapsulates much of the arrogance on which the region's boom and bust were built.

Peregrine's demise has, very belatedly, woken up bankers in the rest of the world to some of the losses they are going to have to own up to in Asia.

It is far too soon to say what the total losses will be, but in events of this sort the full story usually turns out to be far worse than anyone at first imagined. That has been the case with South Korean and Indonesian debt just as it was with the sav-

ings and loan crisis in the United States.

It is unlikely that Peregrine will be the last big name to go down. Asia is awash with debts that cannot be paid. Shareholders have already taken a hammering. Now it is the turn of the lenders. Banks are usually the last ones to admit losses.

Top of the list of lenders to Peregrine is a U.S. bank, First Chicago; French and German banks, as well as the Hong Kong bank, Citibank.

This is not a case where any defaults can be fudged by the central bank or the IMF, nor is it a liquidity crisis that can be resolved by rollover of loans. This is an old-fashioned closing of the doors of an institution

which in a decade had grown from nowhere into an Asia-wide operation. It sought to be more than the equal in the region of the big U.S. houses.

In some ways the group was highly professional. It employed some top-class people, was forward-thinking and developed a particularly strong position in China deals thanks to Philip Tose's close links with the property magnate Li Ka-shing. But fast growth and financial prudence were never natural bedfellows in financial services.

Peregrine's growth owed more to its connections than to its capital base. Its demise is being blamed on the situation in Indonesia (a huge dollar loan to

a taxi company which has closed its doors) and on its own lack of adequate internal controls. But there was more to it than that. Helter-skelter expansion led to some sometimes bizarre partners, including close friends of the ruling junta in Burma, with whom it subsequently fell out.

Founder Chairman Tose went out of his way to emphasize an "Asian way" of doing business. This included contempt for democratic countries that he viewed as unlikely to make economic progress. He publicly preferred to deal with authoritarian governments, holding in contempt India, Australia and the Philippines, where democracy and the rule of law operated, however inadequately. Quick decisions, deal mak-

ing and the supremacy of profits over all else were seen as the way ahead.

Every country in the region, regardless of its system, has now been scarred by the crisis. But the Peregrine assumptions about business conduct seemed to Mr. Tose's critics (who were not few) to suit the kind of conditions of cronyism, mutual back-scratching and confusion of public and private sectors that have helped bring countries such as Indonesia into difficulties.

Peregrine's failure to find a white knight also says much about the degree of uncertainty about its total financial exposure around the region. It is a commentary, too, on how exposed Hong Kong itself is now perceived to be.

International Herald Tribune.

Bailout of Asia Is Likely to Fail, as Perhaps It Should

By James K. Glassman

WASHINGTON — Larry Summers, the No. 2 at the U.S. Treasury, is hustling around the globe, trying to hold the Asian bailout together. He is a dedicated guy on a sincere mission, but unlikely to succeed.

The rescue plan is unraveling. Markets are stronger than bureaucrats, even smart bureaucrats. "The ship will sink," says Ray Dalio of Bridgewater Associates, an old Asia hand and a prescient financial analyst. "There is virtually no chance of the debts being rolled over or restructured effectively."

For Americans, the meltdown in Asia will mean lower prices for what we buy and lower interest rates when we borrow. That's great, but it could also mean lower stock prices, corporate bankruptcies, layoffs and a recession.

What can we do? Deft maneuvering by the Federal Reserve to increase liquidity might prevent the imminent consequences at home. But we can

do two things to deter a worse disaster in the future.

First, we can convince the Asians that the true lesson of this debacle is that the Japanese model — the idea that an economy can be managed by government officials telling domestic businesses what to do and trying to keep foreigners out — does not work.

(It certainly has not worked in Japan, which has record unemployment, six years of stagnant growth and a stock market down by two-thirds.)

Second, we can recognize that, while the International Monetary Fund, the World Bank and the U.S. Treasury can provide advice and moral support, they should not provide money. By acting as the lender of last resort, these institutions exacerbate the problem, delay its solution and practically guarantee that it will happen again. How did it happen in the first

place? Asia's banks, conglomerates and other businesses made bad investments. They did this not merely on their own but with the encouragement and direction of their governments, in the Japanese style.

The problem with state-directed investment is that it overrides the signals of the marketplace. For example, it causes companies to build microchip factories when the world is already awash in microchips. As a result, writes Steve Hanke of Johns Hopkins University, "The region has a huge excess productive capacity, and warehouses are bulging with unsold manufactured goods."

And the Asian banks and businesses that overbuilt help from super-enthusiastic foreign investors, encouraged by cheerleading analysts and by financial journalists, including me.

In 1993, for example, Barton Biggs of Morgan Stanley re-

turned from Asia and declared himself "tired, overfed and maximum bullish." His statement, said the Financial Times, "was a signal for a wave of liquidity" — in other words, cash from mutual funds, pension funds, investment houses and banks, pouring into the developing countries of Asia.

What is so outrageous about this flow of cash is that it was so uninformed. The IMF, the credit agencies, the investment firms all thought Asian firms were stable and profitable.

You can hardly blame them. With their governments, the Asian banks covered up their own bad investments — often by flat-out lying. But now, as Mr. Hanke writes in *International Economy* magazine, "With the recent currency devaluations, speculative real estate bubbles have been popped, the balance sheets of many financial and nonfinancial enterprises have been exposed and bankruptcies are increasing rapidly."

Peregrine Investments Holdings Ltd. of Hong Kong, one of the region's largest investment banks, announced on Monday that it was liquidating. Ten percent of Peregrine is owned by Templeton Investment Counsel, a company based in Fort Lauderdale, Florida, that runs mutual funds and has long been a big promoter of Asia.

Another reason you can hardly blame foreign investors is that they were relying on history. They figured that if things got bad, the IMF and the United States would be there to help them out of a jam — just as they did in Mexico.

But this time maybe not. The U.S. Congress, with reason, is in no mood to provide extra funds to the IMF. Privatizing

investors' gains while socializing their losses is not only unfair, it is also destructive to the dynamics of capitalism. In a market-based system of finance, "the risk of losing your money is not an avoidable nuisance but a fundamental requirement."

There will be pain. That is the natural result of the terrible mistakes of Asian banks and businesses, which are the natural result of a system of command-and-control capitalism, with the IMF as a backstop.

But out of this pain something very good could come. José Pinera, former labor minister of Chile, who helped turn that country's economy into one of the best in the world, sees the current crisis as an opportunity. "In Asia we could see the fall of the second Berlin Wall."

The idea that an economy can be managed by politicians, or even wise bureaucrats, might finally be repudiated — an event nearly as important as the end of communism.

But difficult days lie ahead. The best solution for the troubled Asian economies is to let the bankruptcies proceed, and let companies pass from weak hands to strong hands (frequently foreign hands) at very low prices.

But this devaluation of assets cannot be contained. Mr. Dalio reminds us, if Asian companies are worth less, U.S. companies will be, too, as they are stripped of their pricing power. Deflation could spread, and deflation can be worse than inflation, as the 1930s proved.

The writer, a fellow at the American Enterprise Institute, contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: 'J'Accuse ...'

PARIS — The letter which M. Emile Zola publishes in the *Aurore* under the title of "J'Accuse ..." is addressed to the President of the Republic. He appeals to M. Félix Faure to intervene in favor of truth and justice. M. Zola's contention is that the *deus ex machina* of the Dreyfus case is Colonel du Paty de Clam. He it was who thought of dictating the *bordereau* to Dreyfus. M. Emile Zola concludes as follows: "I have only one passion, that for light, in the name of humanity which has suffered so much and which has a right to happiness. My passionate protest is but the cry of my soul."

1923: Mussolini's View
ROME — The opinion of Signor Mussolini, the Italian Premier, regarding the Anglo-French split over reparations is that Great Britain intentionally

desired isolation from Continental affairs. He hopes that the British will participate in the reconstruction of Europe. The Premier believes that France and Germany will settle the reparations question through the formation of a coal and iron combine. Italy would participate therein, hoping that America would see sufficient stability in such Continental collaboration to take an active part in European finances.

1948: Two Verdoux

PARIS — A Paris referee court refused to grant Henri Verdoux, a twenty-six-year-old Paris bank employee, an injunction against the showing of Charlie Chaplin's latest film, "Mon-sieur Verdoux." The flesh-and-blood M. Verdoux told the court that since his name appeared on the posters announcing the Chaplin film he has been the butt of jokes by his acquaintances.

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OPINION/LETTERS

Reflexive Assumptions
And the Cloning Test

By E. J. Dionne Jr.

WASHINGTON — Fortunately, Richard Seed's proposal to begin cloning human beings presents us with an easy case. Most scientists think it is irresponsible to start cloning people now because the technology is so untested. The scientific community was out in droves as soon as Mr. Seed made his announcement last week, warning of all the dangers and issuing thoughtful denunciations.

The cloning of Dolly the sheep in Scotland was not easy. Many earlier cloning efforts to produce her failed, meaning that some replicas were genetically flawed and had to be "thrown out."

Wherever you stand on abortion, there is something reprehensible about trying to create copies of human beings and then throwing out the ones that are flawed. There is something terrifying, Frankenstein-like, about bringing flawed copies of human beings to life.

Even if Mr. Seed can't deliver, his public emergence is a warning and an invitation: We had better think very seriously about this subject. Cloning human beings may not be as close as he claims, but it is not that far off.

His basic claim is simple: Science goes forward whether people like it or not, and those who oppose science's advances are consigned by history to the role of backward-looking, intolerant fools.

"I think it will blow over," Mr. Seed told CNN of opposition to his endeavor. "There were an awful lot of people against the automobile, too."

Because it makes most of us so uncomfortable, cloning is an excellent issue for testing our reflexive assumptions. The standard libertarian argument is that individuals should be able to do anything they want as long as they do not hurt others. In the abstract, that makes instinctive sense to most of us. But few of us accept it as much as we think we do.

Many Americans oppose the legalization of drugs, fearing it would send the wrong social signal. Many who have no sympathy for censorship want zoning laws to keep porn shops out of their neighborhoods. Strong supporters of free enterprise can still favor tough restrictions on business when it comes to pollution and work safety standards.

In other words, it is not always easy to determine what constitutes "hurting" others. You may think that someone has a right to lose his home through gambling. But a casino may bring crime, disorder and family breakup to the community where he lost it — a "harm" that justifies legislation.

The pollution and work safety cases seem to be the easiest — pollution clearly hurts others, and dangerous machines pose risks to employees. Still, there are some who think pollution laws restrict property rights. And what if employees freely choose to work with dangerous machines for higher wages? Should we protect them from themselves?

The alternative view is the one most of us accept: Anti-pollution laws express collectively our individual interests in clean air and water and in protecting the environment for future generations. Worker safety laws strengthen the bargaining position of individual employees who, absent government, might lack the power to get their employers to replace unsafe machines.

The point is that "harm" can be individual, social or moral. Free societies are forced constantly to balance individual rights and the common good.

Assume for a moment that cloning were not as undeveloped as it is today and that all the easy arguments against Mr. Seed's project were not available. What harm is caused if human beings freely enter into contracts with a clinic to clone themselves?

The issue, as Thomas Murray of the National Bioethics Advisory Commission said on television, is the "moral and social meaning" of cloning. It is one thing for science to help us through in vitro fertilization to reproduce the natural process of creating a child. It is quite another for science to help us engage in the utterly strange and petrifying act of duplicating ourselves.

I am uneasy about interfering with the advances of science and the freedom of scientists. But I am even more uneasy about tampering with the moral and social sense of what it means to be a human being. Collectively, we have a right to resist this particular "advance." I hope we do.

The Washington Post.



In Algeria

LETTERS TO THE EDITOR

On Kosovo

Regarding "Don't Encourage Separatist Aims of Kosovo Albanians" (Opinion, Jan. 12) by Jonathan Clarke:

Mr. Clarke states: "The Kosovo Albanian leaders demand instant independence, a demand backed up by assassinations carried out by a shadowy 'liberation army.' This false generalization resembles Belgrade propaganda and is a grave injustice to Kosovo Albanians who have shown remarkable restraint during years of severe repression."

He goes on to deploy another hackneyed line, blaming the Bosnian war on the actions of other countries, especially Germany and the United States. He then warns those powers to stay clear of Kosovo and raises the specter of another war if they meddle.

While those governments urge a political solution, Mr. Clarke seems to favor appeasement in the face of murder, torture and the total denial of the human rights of Kosovo Albanians.

AARON RHODES,
Vienna.

The writer is executive director of the International Helsinki Federation for Human Rights.

Life in America

Regarding "Life: Not Politics. Matters in America" (Opinion, Jan. 7) by James K. Glassman:

A nation of self-centered hedonists who care not a fig for their government nor its policies, and whose attention is caught only by disasters and celebrity scandals, may be a happy nation, but it seems to me to be the happiness of the opium-eater and not the happiness that comes from fully engaged, responsible living.

I quail at Mr. Glassman's encomium to parochial mediocrity.

CHRISTINE S. FREMANTLE,
London.

While we all need relaxation, does Mr. Glassman seriously think our posterity will thank us for "poetry and porcelain" or television sitcoms? John Adams was one of the most literate men of his day, hence his success. Mr. Glassman's misinterpretation of his theories is a recipe for dismantling his accomplishments.

DOUGLAS T. WALTERS,
Ramonville St Agne, France.

ic" (Meanwhile, Jan. 8) by Steven J. Ross:

Mr. Ross, espousing a crude Marxist interpretation of both history and cinema, decries the fact that in James Cameron's movie "most of the working-class passengers perish while the rich survive."

In the interest, presumably, of the victory of his chosen side in what he sees as a relentless class struggle, he asks "What sort of triumph is that?" and wonders: "Could 'Titanic' have been any different? Sure. If working-class people are the better in the film, then let the rich die and the poor survive."

In so doing he betrays the fault common to all his fellow travelers on the well-worn route of Marxist history and art criticism: contempt for the truth. Mr. Cameron's film had to show the rich surviving and the poor going to the bottom of the sea because, with some exceptions, that is what actually happened.

To follow Mr. Ross's prescription would be to make the sort of "history," and to make the sort of films, for which the Soviet Union was renowned — or infamous.

L. DE ARRIZABALAGA
PRADO,
Madrid.

Marxism Afloat

Regarding "Class Fatalism Pervades Old-Fashioned 'Titanic'"

A Masterpiece! Brilliant!
Your Book Blurb Here

By Alberto Manguel

LONDON — Among the many conventional devices established during the literary Middle Ages to help authors charm their readers, the "excusatio propter infirmitatem," the authors' apology for the weakness of their talents, has, in our time, lost some of its appeal.

Instead of confessions of infirmity, we now prefer the letter of advertising endorsement, the letter of praise.

MEANWHILE

of reference, the good word put in by a star-studded name.

Every book published today seems to appear plastered all over with Hallmark-style greetings from famous or would-be famous writers, so that readers may choose not what they think they might like but what the publisher tells them some author raved about.

(In France and Spain this is done more discreetly, with a sash around the book carrying a single comment; you can throw the sash away after buying the book.)

The word "blurb," which so ungraciously used to describe the publisher's summing-up of a book on the back cover, now refers to these ditties of praise.

This fashion is not, of course, new. In the late 16th century, the practice of writers praising other writers for the purpose of selling their books was so widespread that Cervantes poked fun at it in his foreword to "Don Quixote."

"I wish I could give you this book trimmed and naked," he wrote, addressing the "idle reader," "without the adornment of a foreword, or the endless catalogue of customary sonnets, epigrams and encomiums that are usually placed at the beginning of books."

Pretending to bow to tradition, he proceeded to adorn his book with these literary garlands — but instead of asking friends and luminaries for their contributions, Cervantes himself composed the lot, attributing their glorious praise to fictional characters from various novels of chivalry.

Walt Whitman employed somewhat the same device in 1855, sending off "Leaves of Grass" to a number of readers with enthusiastic snippets from various reviews — all written by himself.

Whitman's ploy is not an impractical solution to an increasingly annoying problem. Today, even mildly successful authors receive dozens of requests a year to read hefty manuscripts and then send back a few lines of "quotable" opinion.

For the writers who are expected to receive the praise, there is a contracted debt to the praisers and a guilty sense of having joined an ever growing back-scratching club.

Blurb writing has now become meaningless, since the circle of praise ends by including everybody, bleeding the device of any critical power it might have aspired to.

I once reviewed a book by Richard Ford and my remarks were reprinted on the paperback edition. My American publisher then sent Mr. Ford a novel I was about to publish, asking him for a few words for my cover. He complied, and now both books stand side by side, like two cocktail guests exchanging platitudes.

There are writers who simply turn down all requests. Umberto Eco told me he stopped because he felt like "the slut of literature," getting into bed with every new book that landed on his desk.

I, too, have now decided to join my more famous elders and betters and not provide any more fast service lines, except, perhaps, in a few special cases where I feel they may still be useful: introducing a new writer, for instance. But even here one must be cautious. How many "brilliant new stars" can a reader discover in a normal life span?

The solution I've proposed, though not ideal, is to try to review a book I am sent for comment. Rather than come up with a snappy 10-word tag that is supposed to sell the book, I would rather write about it in a more leisurely, reflective way and let the publisher select from the whole a suitable one-liner.

And I insist, as far as a writer's word carries weight with one's own publisher, that no more compliment-fishing be undertaken for the sake of my next book.

The writer, author of "A History of Reading," contributed this comment to The New York Times.

ADVERTISEMENT

RELIGIOUS TOURISM

Orthodox Treasures Have Oecumenical Appeal

Greece is not the Holy Land, which attracts pilgrims by the millions each year, but it does have some religious shrines considered holy by more than 300 million Orthodox Christians around the world. Such places should be made more widely accessible, Greek Tourism Organization officials believe.

"Our Christian churches are of a different rhythm, but as beautiful as the ancient temples, and adorned with superb murals, mosaics and icons," says Nikos Skoulas, general director of the tourism organization. "Some of our monasteries are real museums of art and religious treasures."

Interest in Greek religious centers is not new. What is new is the willingness of the government and of religious authorities to make access to these places easy and comfortable. The first opening was the exhibition of the treasures of Mt. Athos at the Byzantine Museum of Thessaloniki this year.

"A center of culture, learning and artistic achievement, Mt. Athos is second only to the Holy Land as the most revered and desirable place for a Christian pilgrimage," said a representative from the 20 monasteries that oversee the site.

Since at least the 9th century A.D., Mt. Athos has been a place of isolation and meditation for hermits attracted by the fact that the 160-square-mile peninsula was completely unpopulated at that time. By 843 A.D., historians mention that a delegation of monks from the Mt. Athos monasteries went to Constantinople to celebrate the restoration of the veneration of the icons. In 883 Mt. Athos received its first imperial privileges from Emperor Basil I, the Macedonian.

In 957 St. Athanasios moved to the site and built the first large monastery known as the "Great Lavra," which earned Mt. Athos special status as a monastic state. A friend of emperor Nikephoros Phocas, he was able to attain for his monastery and its 80 monks annual revenues and property exempt from taxation.

It was not until 1972, however, that the emperor Ioannis Tsimisla granted Mt. Athos its first charter recognizing its administrative independence and allowing the existence of cenobitic monasteries, where monks lived as a united society, and hermit monasteries, where monks lived separately from one another. The charter also provided for a leader among the abbots who oversaw the punishments imposed by the monasteries on their members and who had the final say on the admission of foreign monks.

Distaff, stay home

Today there are 16 monasteries at Mt. Athos, including a Russian one, a Serbian one, a Bulgarian one, and seven sketes — or dependent monasteries — with about 1,300 monks. Compared to the turn of the century, when about 15,000 monks lived on Mt. Athos, the number of monks is fairly small. Now, however, 343 monks are university graduates, compared with only three back in 1960.

Both Greek and foreign tourists must obtain a permit from the Ministry of Foreign Affairs in Athens or the Ministry of Northern Greece in Thessaloniki to visit the monastic state. It is only a formality, but the permit is required when visitors land at the port of Daphne, the main entry for visitors.

From Daphne, visitors are taken by bus to Karyae, the capital of the state, where a building named "Protaton" houses the representatives of the monasteries who administer the affairs of the state.

The Protaton has beautiful murals, painted by the famous 14th-century painter Panselinos.

Visitors to the monasteries must hike or take a motorboat, since most of the monasteries are built on steep, forbidding rocks near the sea. They have their own "tarsanas," as their small ports are called.

Mt. Athos is not open to women visitors. According to tradition, the only woman who ever laid foot on this land was the Virgin Mary. This restriction has created a controversy in the Greek press, with traditionalists claiming that keeping the peninsula masculine is a holy mandate and modernists stressing that the world has changed since St. Athanasios established the Great Lavra.

St. John's island

Second only to Mt. Athos is the island of Patmos in the Dodecanese, where St. John the Evangelist lived as an exile and wrote the Book of Revelation. Today, a whole town is built around the Monastery of the Apocalypse, built around the cave that St. John used.

Patmos is becoming a favorite island for those who like the beauty of the shore combined with some isolation. Situated in the southern Aegean, Patmos can be approached only by sea. A journey of more than 14 hours is required to reach it from the port of Piraeus. For this reason, many tourists prefer to fly to Rhodes or Kos and to travel from one of those islands by flying Dolphin hydrofoil.

Two other islands are popular pilgrimage sites. Paros, one of the most beautiful islands of the Cyclades in the central Aegean, boasts the monastery of Ekatonpyliani, and Tinos is equally well known for the Church of the Evangelistria.

Both are dedicated to the Virgin Mary, but Tinos lays claim to a miraculous icon, found there during the Greek War of Independence. Orthodox faithful compare the Tinos Church to that of Lourdes in France; they congregate there on August 15, the feast day of the Assumption of the Virgin.

Modern conveniences

A number of other monasteries and churches in Greece have notable artistic treasures.

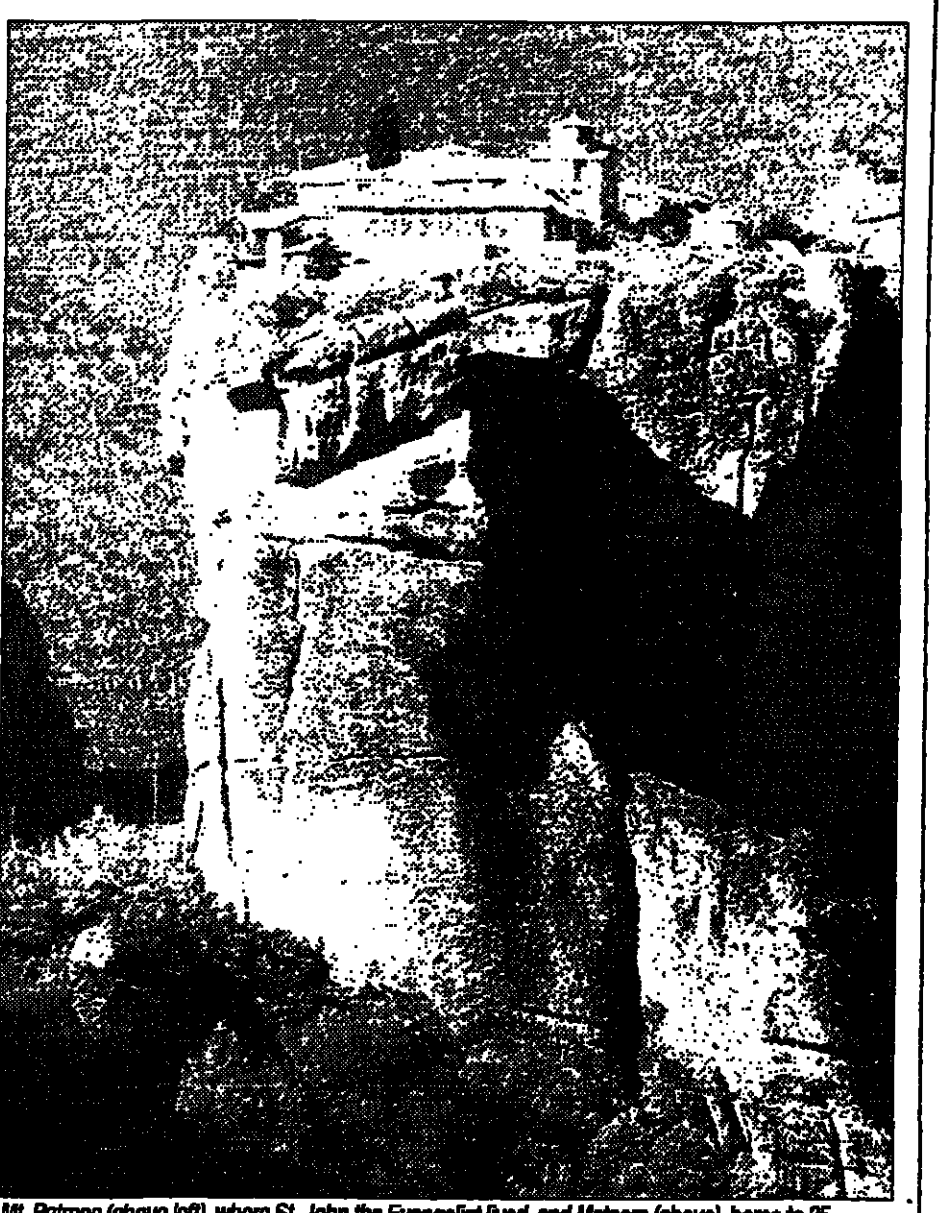
Two examples are the Church of Daphni between Athens and Eleusis and the monastery of St. Loukas in Central Greece. Both have 11th-century mosaics.

The monasteries of Meteora in Thessaly — near the town of Kalambaka, perched on 100-foot-high rocks — are not only a religious site, but also a natural wonder. Eleventh-century hermits used these rocks and caves to isolate and protect themselves.

By the 14th century, they had formed a large monastic community with more than 10 monasteries. Today there are four monasteries housing monks and two that are ruined and abandoned, but they are all a major Greek tourist attraction. Owing to these monasteries, Kalambaka has developed into a tourist center with modern hotels.

In the old days, visitors to the monasteries had to be lifted by primitive elevators, mostly nets pulled by the monks with the help of heavy ropes. Today visitors can reach the top of most rocks by road, thanks to extensive construction of paved and dirt roads.

Meteora can be reached by road from Athens in four hours. The site is less than an hour's drive from the towns of Larissa, Yannaia and Trikala, where one can fly in less than half an hour from the Greek capital.



Mt. Patmos (above left), where St. John the Evangelist lived, and Meteora (above), home to 25 monasteries.

ADVERTISEMENT

For a Paris Gig, Lalo Schifrin and the Three Tenors

By Mike Zwerin
International Herald Tribune

PARIS — Lalo Schifrin is one of the few composer-arrangers alive with the culture and confidence for this sensitive, remunerative, high-visibility, graduate-degree work.

After Rome, 1990, and Los Angeles, 1994, June on the Champs-de-Mars in Paris will mark Schifrin's third World Cup collaboration with the Three Tenors — Jose Carreras, Plácido Domingo and Luciano Pavarotti.

Schifrin studied piano, composition and conducting (and law) in his native Buenos Aires, where he also started his own jazz band. Dizzy Gillespie heard it while on his world tour for the U.S. State Department in the 1950s and, exactly 40 years ago this year, Schifrin arrived in the United States to take over the coveted piano chair (and arranging duties) with Dizzy's big band.

His credits are so varied and impressive that the best way to define Schifrin's competence is just to list them. Conducting credits include the London, Los Angeles and Israel Philharmonic orchestras. "Gillespie's," his paean to Dizzy, has been performed many times, including on Monday for the BBC in London.

Music for TV and films include "Mission Impossible," "Bullitt" (a current Ford Puma commercial is based on it), "Dirty Harry," "Starsky and Hutch," and "Cool Hand Luke," and his classical compositions have been performed worldwide. He has just finished writing

the music for Carlos Saura's new film "Tango," which will debut at the Cannes film festival in May.

Since classical music is one parent of jazz (African music is the other), there is something inherently incestuous about marrying them. However, Schifrin's "Jazz Meets the Symphony" series is accurately titled, as well as catchy. It is a meeting, an introduction, and he's a fine matchmaker.

So far three "Jazz Meets the Symphony" albums have been released. The third, "The Firebird," combined elements of Stravinsky with Charlie Parker. "The Firebird Suite" was Charlie Parker's favorite composition by Stravinsky," says Schifrin. "He paid his own way into Carnegie Hall to hear it performed. That was Charlie Parker. A bird on fire." The fourth will include "Rhapsody for Bix," commissioned by the Bix Beiderbecke Memorial Society. Schifrin, 65, speaks English with a melodious Spanish accent. He is a quiet man who does not speak unless he has something to say, and he is a mine of information, so he is worth listening to but difficult to get. When he communicates one of his informational nuggets, he looks you in the eye meaningfully. You just cannot let it go. You ask, "Excuse me?"

"I included Bix's composition 'In a Mist' in my Bix Rhapsody. And I also have a tune he wrote called 'Singing the Blues' which has incredible chord changes. It's not very well known. I'm surprised nobody ever put words to that. It could have been a standard."



From left: Jose Carreras, Plácido Domingo, Luciano Pavarotti and Lalo Schifrin will team up for the World Cup.

Also on the fourth "Jazz Meets the Symphony" will be "Miraculous Monk," which he recently finished writing. Describing it, he illustrates just how he introduces jazz to the symphony:

"I treated Monk's 'Evidence' as a passacaglia, a repeated theme in the bass. Baroque composers like Buxtehude used this form. The theme is played by [bassist] Ray Brown, two bassoons and the orchestra's bass section. Then I start bringing in 'Epistrophe,' and the

trombones join the basses. The second part is based on 'Misterioso.' I did it very interesting. I have two French horns playing the tune." He sings to illustrate.

Then I thought that the device might be too naive, so I created a sort of dream.

"Excuse me?"

"A sort of wind. The strings and the harp. Tremolos. No long notes. Everything shimmering."

For some to grasp, but it serves to illustrate that Schifrin is no charlatan looking for cheap shots. He explains the "shop-talk": "This is not to imply that there are all sorts of obscure professional secrets. It's just the method to the madness. I hope there will be two levels working so that people who do not know these technical things will get it too."

"See. The reason the tenors want me is that I can write in the style of Puccini, Saint-Saens, Verdi, Bizet... the operatic

composers. They really knew how to write for the human voice. It is very difficult and delicate work to combine voices with orchestral instruments. When I write, I assume they will sing without amplification in the Salle Garnier. I make no adjustments for microphones. I don't write like that. I give the tenors a certain natural acoustic balance.

Psychological balance is also important. He lives in Beverly Hills, he knows how stars think. He says that the secret of Hollywood is equal time. In the case of actors, equal dialogue. Carreras may start what Schifrin calls "a tune." Domingo gets the "second eight bars." Then Pavarotti "does the bridge." Describing opera stars with Broadway lingo serves a purpose. He is spanning those two worlds. The tenors do not have to tell him anything about equal time. He just knows show business. He knows it is on their minds.

"In the entire history of music there is no literature for three tenors," Schifrin says. Carreras, Domingo and Pavarotti (and Schifrin) are creating an entire new repertoire. And a growing demand for it. Their albums sell more than 10 million copies each. They are the hottest thing, some say the only hot thing, in classical music today. Schifrin calls it a "nice challenge for everyone."

Lately he has collaborated with T.S. Monk and Evan Evans, children of Theodor and Bill, respectively. He hopes to still be around to work with their children: "Why not? I still feel very good."

John Wood at the National: Tom Stoppard's Acting Alter Ego

By Mel Gussow
New York Times Service

LONDON — John Wood, playing A.E. Housman at the age of 71, stands on a bank of the River Styx, surveying the Stygian gloom while waiting for Charon (Michael Bryant) to ferry him to Hades. This is the opening scene of Tom Stoppard's spirited new intellectual dazzler at the Royal National Theatre, "The Invention of Solitude," winner of the Evening Standard Award as best new play in London.

It is the seventh Stoppard play Wood has done, a long-running artistic relationship that might put the author and actor in the Guinness Book of World Records alongside Shakespeare and Burbage, or Akira Kurosawa and Toshirō Mifune. Wood and Stoppard are both tall, witty individuals who can turn linguistic somersaults and always see the sardonic side of life. If Stoppard were an actor, he

would be Wood, and vice versa. For Wood, his role as Housman, the poet and classical scholar, was pure serendipity. "I'm just extraordinarily fortunate that God and Tom Stoppard, who may be the same person, have sent me the most wonderful present to lighten my declining years," he said.

Trying to describe the instability of the actor's life, even one as successful as his own, he reached for an anthropomorphic image: "You stand like a horse in a field waiting for the phone to ring." Toying with his simile, he said, "That if you were a horse that could operate a mobile telephone." And then: "There aren't any other horses. It's an empty field except for this horse and me. Even a horse cannot exist on this horse and me."

Hearing from Stoppard about his play in progress, the actor thought, "There's an unpromising subject, a minor poet who lived like a hermit and was staggeringly rude." Reading the play, he

realized that Housman, or at least Stoppard's Housman, was fascinating.

As with Henry Carr, Wood's Tony award-winning role in "Travesties," the playwright had taken a real person and reinvented him as a complex dramatic character. Focusing on Housman's lifelong unrequited love for a male classmate from Oxford, Stoppard drew a full portrait of a deeply sensitive man who has the greatest difficulty exposing his emotions. Then he enhanced the play by bringing in Oscar Wilde, John Ruskin, Frank Harris and other Housman contemporaries. In one of the most touching scenes, the older Housman (Wood) converses with his younger self (Paul Rhys) on a park bench, a scene in which Wood delivers one of his favorite lines in the play: "I'm not as young as I was. Whereas you, of course, are."

Asked which of his diverse roles was most revealing of him, he named the two that Stoppard had apparently written for

him, Housman and Henry Carr: "I know that in me there is an austere hermit and also, I hope, an endearing liar, a social animal who seeks to entertain by deceiving the world." He feels possessive about his Stoppard roles. When Antony Sher starred in a revival of "Travesties" a few years ago, Wood did not see his performance. "I knew that about five minutes in I would leap to my feet and shriek, 'Not like that, you fool!'"

Meeting Stoppard was, he said, "one of the hinges" of his life. The first play of his that he did was "Teeth," a 30-minute 1967 television comedy about an adulterous dentist. That led to "Rosencrantz and Guildenstern" on Broadway. Early on, Wood decided that the playwright "turns life into ice and mirrors."

Stoppard returned the compliment: "Among John's gifts is his ability to deliver with tremendous clarity and pace quite complicated sentences and quite complicated thoughts. It's like following a man with a torch."

While supporting his theatrical habit (in recent years he has done "The Tempest," "King Lear" and "The Master Builder," all for the Royal Shakespeare Company), Wood has had to do movies.



John Wood plays A.E. Housman.

"You've got to eat," he said. "I have to do the films. There's no other way of keeping one's snorkel in the air." He appeared in "Richard III" in 1995, "The Madness of King George" in 1994, "Jumpin' Jack Flash" in 1986 and "The Purple Rose of Cairo" in 1984.

For the present he is at home again at the National. For all his feelings of in-

suburty, he said: "Heaven on earth for me is to be in a theater company whose members get on well with each other. That's a lovely feeling, without the demands of a family or the imperatives of the army or school."

About the present ensemble, he said: "There is what used to be called esprit de corps. That suggests uniforms and lancers and officer cadet schools. Here we are unified by poverty. We lend each other ludicrously small amounts of money."

After a sold-out run in the Cottesloe, the company's smallest theater, the play moved to the larger Lyttelton stage, and a further move to the West End, and perhaps New York, is a possibility, although Wood refuses "to make massive asseverations or prognostications." Meanwhile he is surrounded by admiration. In the audience one evening soon after the play opened were Peter Hall, Edward Albee, Wood's former wife and Princess Margaret.

"I was summoned to dine with her afterward," he said. "She told me that she was confident that the play was bursting to get into a larger space. I didn't know whether that was royal speak or she was saying, 'You are overacting.'"

BOOKS

THE OLD RELIGION

By David Mamet. 194 pages.
\$24. Free Press.

Reviewed by
Howard Norman

NOT yet halfway through David Mamet's inimitable and disturbing novel "The Old Religion," Leo Frank, a Jew, is wrongfully accused of the rape and murder of a white Southern girl, a worker at the National Pencil Factory he manages. The story, inspired by historical fact, takes place in Atlanta in 1914.

Mamet is one of America's few constantly splendid playwrights and most eclectic essayists. "The Old Religion," in which Mamet's philosophical intensity, concision and unpredictable narrative strategies are at full power, should only enhance this reputation.

"The Old Religion" offers far more than the riveting dexterity of language found in Mamet's stage tragedies, though this novel is most definitely a tragedy and its language indeed is magnetic. A reader must set aside con-

venient notions of the novel, for Mamet is highly inventive with plot, setting, dialogue — and utterly successful.

For one thing, much of the "plot" of "The Old Religion" resides in Leo Frank's mind. In sparse, austere chapters, Mamet allows us to eavesdrop on Frank's musings, his disquisitions on everything from paper clips to finance to the power of advertising. This is not only how Frank's character is generally developed, but also how we grow accustomed to and finally admire his intellectual restlessness — we listen to him think.

Frank favors a kind of Talmudic conundrum, an opinion about an object or event, followed by questioning the basic premise of that opinion or even allowing himself a bout of self-abnegation. ("What a fool I am," he says.) Frank teaches us how to understand him.

We learn that he is an agitated man who feels that the world is a dangerous place, that every nod hello, conversation, anecdote, is part of a larger social code. He knows that he, a Jew in America just

after the turn of the century, is a foreigner.

But he has his privileges. He has a loving, respectful family and good, loyal friends. He has an excellent, well-paying position at the factory. He has a summer cottage. "Life at the lake, of course, was easier. It was, in its own particular way, more formal than the life in town. There was more of what he had come to think of as 'social intercourse,' which differed completely from the urban 'visiting.' Most nights of the week the wives would sit out on one another's verandas, or gather at the hotel porch. And Saturday night — Sunday was 'Family Night,' sacrosanct to the reunion with the Husband up from Town — Saturday night and Sunday afternoons were given to the form of formal 'Stoppings By,' a round of dinners, breakfasts, parties, and teas offered and returned. ... Sunday morning, rested, a day free of work, rising late."

Yet even during a Sunday morning repast, a poignant doubt invades: "All the while he was conscious of their position on the back porch, hidden from the road. 'No, we have the right to be here,' he thought. 'We are not "screened" from them, for this is where the porch was built, and how could they take umbrage that we've not gone to church. We are not sequestering ourselves, for, surely, they can smell our breakfast, and that's the end to it.'"

Now Frank's world falls apart. He is accused of the heinous crime, and at the trial — the dramatic centerpiece of the story — Mamet describes the indigenous emotions: "Look at him ... while we sit here, gentlemen ... He saw the jur-

ors nodding ... and he ... this man, the prosecutor said, 'who took that girl, a working girl, a Southern girl, who wanted nothing more nor better than to earn her bread, and serve her family; who took her, and debauched her, and killed her, and hid the evidence of the crime; who had the gall ... to blame a negro, yes, a negro, mark you, also entrusted to his care; who, by his very presence, and I used the word, gentlemen, by his presence as a guest in our state, and our region, might have, in humility, might have deemed himself held to a higher ...'"

At once passionate and dispassionate, brief, decidedly memorable, this is one of the most powerful courtroom scenes I have ever read.

The German novelist-playwright Friedrich Dürrenmatt wrote, "A story has been thought to its conclusion when it has taken its worst possible turn." After the trial of Frank, there is grisly turn after even more grisly turn. I was shaken by the events. And I felt deeply rewarded by reading this novel. But what, from David Mamet's skillful rendering, did I finally think of Leo Frank? Certainly that he was a cultured man trapped in a nightmare of moral disorder. But perhaps even more, that he was a man desperately, hauntingly, trying to think out — in his ceaseless philosophical quest — the perfect prayer. Not a prayer that necessarily would be answered; a prayer that would be phrased in such a way as to give him peace of mind. I say kaddish for Leo Frank.

Howard Norman, whose novels include "The Bird Artist," wrote this for The Washington Post.

Downsizing at Warsaw Theater

By George W. Loomis

WARSZAWA — Great plans were under way this season at the National Theater of Poland. Among the opera offerings envisioned by Janusz Pietkiewicz, the general director since 1996, were Robert Wilson's epic "Trilogy," a new production of Handel's "Rinaldo" by Pier Luigi Pizzi, and the first performance of Stanislaw Moniuszko's "The Haunted Manor" with its original libretto restored. But Pietkiewicz's plans proved too much for the new, Solidarity-led coalition government that came to power in the fall.

And so the political wrangling that has long plagued this theater — one of the world's largest complexes of opera, ballet and drama — will in all likelihood continue. The new government ordered a report by Jerzy Bojar, formerly technical director of the theater, then appointed Bojar to run the theater for three months and decreed that thereafter drama would be administered separately from opera and ballet.

Pietkiewicz, whose contract contin-

ues through this year, is the latest casualty in a job that has seen rapid turnover in recent years. He did indeed think in grand terms. The Wilson project would have combined three major works — "The Black Rider," "Alice," and "Time Rocker" — for a seven-hour extravaganza (including dinner break). And he initiated a complete Verdi cycle. This at a theater where the top ticket price is around \$12 and the government pays 80 percent of the budget.

But by attracting producers and designers like Pizzi and Ezio Frigerio, Pietkiewicz offered Warsaw a standard of opera all but unknown in most of the old Soviet bloc. Moreover, his success in using the theater's excellent backstage facilities to create sets and costumes for co-productions with major European houses was expected to generate income.

One project that did materialize was a new production of "The Haunted Manor," a Polish favorite whose premiere in 1865 followed the unsuccessful uprising against Russian rule in the early 1860s. It's a comic opera, and a delightful one, but its strong patriotic content led the Russians to ban it after only three per-

formances. It returned years later in a censored version. Ryszard Peryt, who resigned last summer as artistic director of opera, claims to possess the original, which he planned to stage with sets by Frigerio, but when he left the theater, he took it with him.

Seeing the opera in any form, however, was a novel experience for the non-Pole. With its captivating mix of French-style finesse and authentic Polish rhythms, it could travel internationally as easily as Smetana's "Bartered Bride." The film director Andrzej Zulawski re-created a sense of Russian-Polish friction by staging the opera as if it were being presented to the censors. He added allusions to political repression and wartime bleakness but not in a way that impinged on its inherent buoyancy.

Boris Kudlicka's sets, though, were not up to the level Warsaw has had a taste of. Among the singers, the tenor Dariusz Stachura deserves mention. And, far from presenting the opera in its original form, this account looked off close to half an hour of the score.

George W. Loomis is a St. Petersburg-based writer on music.

BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weekly list is not necessarily consecutive.		
FICTION		
Title	Last Week	Weeks on List
1 COLD MOUNTAIN, by Charles Foster Kane	1	27
2 THE GHOST, by Dan Simmons	2	8
3 CAT & MOUSE, by James Patterson	3	8
4 A CERTAIN JUSTICE, by P.D. James	4	7
5 THE CHRISTMAS BOOK, by Richard Paul Evans	6	28
6 THE LETTER, by Richard Paul Evans	5	11
7 THE WINNER, by David Baldacci	7	4
8 VIOLIN, by Anne Rice	9	11
9 THE GOD OF SMALL THINGS, by Arundhati Roy	8	22
10 WOBABOON BOY, by Garrison Keillor	11	7
11 COMANCHE MORON, by Larry McMurtry	10	9
12 THE MATARESE COUNTDOWN, by Robert Ludlum	14	11
13 ANOTHER CITY, NOT MY OWN, by Donald Davis	12	7
14 THEN CAME HEAVEN, by LeVoy Spence	1	1
15 MEMOIRS OF A GEISHA, by Armin Greder	13	8
NONFICTION		
1 MEMENTO, by J. Edgar Hoover	1	182
2 ANGELA'S ASHES, by Frank McCourt	2	69
3 THE PERFECT STORM, by Sebastian Junger	4	31
4 INTO THE JUNGLE, by Jon Krakauer	4	36
5 CITIZEN SOLDIERS, by Stephen E. Ambrose	6	8
6 THE MAN WHO LISTENS TO HORSES, by Moacyr Roberto	5	21
7 DIRTY JOES AND BEER, by Drew Carey	8	14
8 THE DARK SIDE OF CAMELOT, by Seymour M. Hersh	7	7
9 DIANA: Her True Story, by Her Own Words, by Andrew Morton	10	12
10 TUESDAYS WITH MORRIE, by Mitch Cullin	9	12
11 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	12	56
12 THE MILLIONAIRE NEXT DOOR, by Thomas J. Stanley and William D. Danko	13	51
13 COURTESY OF STRONGTOWN, by Jimmy Carter	11	5
14 WAIT TILL NEXT YEAR, by Dan Brown	14	10
15 THE WAY YOU WEAR YOUR HAT, by Bill Zehme	16	2
ADVICE, HOW-TO AND MISCELLANEOUS		
1 JOY OF COOKING, by Irma S. Rombauer, Marion Rombauer Becker and Elinor Becker	1	7
2 SIMPLE ABUNDANCE, by Sarah Ben Bruehl	2	92
3 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	3	221
4 MAKE THE CONNECTION, by Bob Greene and Oprah Winfrey	4	29

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LUETLEJOE	TAPES	
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CROSSWORD

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3 Sorely chafers	21 It may be beaten or bucked	23 Place for vines	41 Savings account gains
4 Necklace securer	22 Silly was one	24 Novelist Lagerfeld	42 Guiding light: Var.
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KYOCERA SHOOT

Herald Tribune BUSINESS/FINANCE



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WEDNESDAY, JANUARY 14, 1998

PAGE 11

Motorola Profit Shows Silver Lining
Earnings Rise Indicates Technology Firms Might Weather Asian Storm

Compiled by Our Staff From Dispatches
SCHLAUBURG, Illinois — Motorola Inc.'s rise in fourth-quarter earnings and its sales growth forecast of 10 percent in the first half of this year are giving some investors hope that technology companies can weather the Asian economic storm.
But a day after it released its profit report, Motorola acknowledged Tuesday that the crisis in Asia would still have an impact. It lowered its forecast for sales growth in the computer-chip industry this year by two percentage points, to 13 percent, because of Asia.
The fourth-quarter results of the company — whose global businesses range from microchips to cellular phones — had been anxiously anticipated among investors as an early sign of the impact of the Asian troubles on high-technology companies.
Some analysts had expected Asia to take a greater toll. Motorola gets about a quarter of its sales of chips and cellular phones from the region, where falling

currencies have made it hard for companies to buy U.S. goods.
"This goes a long way to put Asia in perspective," said Charles DiSanto, an analyst at Gerard Klann Marston. "It ain't great, but it's not that bad."
For the quarter, Motorola earned \$321 million, up 35 percent from the comparable quarter a year earlier. Sales rose 7.7 percent, to \$8.3 billion from the 1996 fourth quarter.
Motorola shares rose \$2.75 to close at \$57.25 Tuesday. But the stock is still down more than 20 percent since Sept. 10, the day before the company warned that pager sales would fall because of slow demand in China and the United States. Other chipmakers also rose. Intel Corp. climbed \$1.125 to \$76.75; its earnings report was due after the close of trading. Advanced Micro Devices Inc. rose \$1.0625 to \$18.8125.
Signs that Motorola's mobile phones sales have suffered less from Asia's crisis than feared were also encouraging for its competitors, Nokia Group and

LM Ericsson AB. The positive news for Nokia was that mobile-phone orders for Motorola rose in Asia compared with the fourth quarter of 1996, said Niklas Genst, an analyst at brokerage FIM Securities in Helsinki.
While the impact of the Asian crisis on Motorola may be less severe than feared, the larger question — both for the region and for companies with sizable businesses in Asia such as Motorola — is how deep and how lengthy the downturn will prove to be.
Some American technology companies had been experiencing growth rates of 20 percent and more in the once-booming economies of East Asia. Christopher Galvin, Motorola's chief executive, said that he expected growth of his company's Asian business to slow to 10 percent in the first half of 1998. He added that his cautiously optimistic assessment was based on an assumption that the recent bailout efforts would succeed in steadying the Asian economies. (Bloomberg, NYT, Reuters)



Peregrine's founders, Philip Tose, right, and Francis Leung, facing the press in Hong Kong on Tuesday.

Parts of Peregrine May Fly Again

By Keith B. Richburg
Washington Post Service

HONG KONG — At the offices of Peregrine Investment Holdings Ltd., the high-flying investment firm that went bust this week, hundreds of employees were busy Tuesday packing their belongings and updating their résumés on company computers.
But two mainland Chinese companies and an investor from Taiwan were reported to be interested in buying off parts of the defunct investment house, meaning at least some of the lost jobs might be saved.
Peregrine executives confirmed that new investors were looking at buying the parts of the investment bank still profitable, and local television news reports said two of the possible buyers were from the mainland, one of them the Bank of China.
Hong Kong's stock market, which plummeted Monday in expectation of Peregrine's late-afternoon liquidation announcement, rebounded surprisingly Tuesday, with the blue-chip Hang Seng index up 598 points for a gain of 7.4 percent. The market at the close of trading stood at 8,720, meaning it had regained most of the 8.7 percent it lost in Monday's disastrous session.
Peregrine's top managers, meanwhile, held an emotional news con-

ference, their first since the bank's troubles surfaced last week, and they laid the blame for Peregrine's demise to what they described as the "meltdown" in Indonesia — as well as one large and questionable loan to an Indonesian taxi company that they conceded had "played a role" in the bank's collapse.
Asked about the bank's \$260 million bridge loan to the Indonesian taxi company, Steady Safe — which counts President Suharto's eldest daughter, Siti Hardijanti Rukmana, among its investors — Peregrine's co-founder and chairman, Philip Tose, said: "It was an unfortunate transaction. But it certainly was not the sole reason for us having the problems that we did."
"I believe you're really missing the point here," Mr. Tose added. "What happened was a complete meltdown in a country."
Peregrine lent money to Steady Safe to underwrite an offshore bond sale when the rupiah was holding steady at 2,400 to the U.S. dollar and Peregrine had established itself as the leader in Asia's emerging junk-bond market. But when Indonesia loosened controls on the rupiah's value, the currency slid to as much as 10,000 to the dollar, making Steady Safe's own stock virtually worthless, the bonds unwanted on the market and the taxi company unable to repay the loan.

Mr. Tose described watching with dismay as the rupiah, now trading at about 8,000 to the dollar, steadily sank in value.
"We got caught as a result of the illiquidity," he said. "We were unable to get rid of what we got."
To critics who said the dealings in Indonesia were ill-advised, even reckless, given that country's reputation for corruption and the nepotism involving the Suharto kin, Mr. Tose had an answer: "It's very, very easy to say in hindsight."
Mr. Tose's partner and Peregrine co-founder, Francis Leung — known as the "father of red-chips" for his success in getting mainland Chinese companies listed on Hong Kong's stock exchange — fought back tears as he pledged to continue trying to assist his Beijing friends. "I want to do something for China," he said.
The Peregrine officials also confirmed that they had asked the Hong Kong government for help but were refused.
Peregrine has about 1,700 employees in the region, with 700 here at the headquarters in Hong Kong. They are entering a depressed job market in an industry, financial services, that has already been laying off because of the

See PEREGRINE, Page 15

Setback for Microsoft in Antitrust Case
Judge Criticizes Software Company's Defense as Japanese Unit Is Raided

Bloomberg News

WASHINGTON — Judge Thomas Penfield Jackson of U.S. District Court criticized key arguments presented by Microsoft Corp. in its antitrust struggle with the U.S. Justice Department as three days of hearings opened here Tuesday.
During the opening statement by Microsoft's lawyer, Richard Urowsky, Judge Jackson challenged Microsoft's claim that the Justice Department had been inconsistent in its demands for changes in Microsoft's marketing of its Internet Explorer browser software.
"As has been said, consistency is the hobgoblin of little minds," Judge Jackson said. He said the arguments should focus strictly on the language in his Dec. 11 order restraining Microsoft from requiring computer makers to install Internet Explorer with Windows 95.
Government lawyers want Microsoft held in contempt for allegedly defying Judge Jackson's order. The judge has scheduled three days of testimony. Microsoft and the Justice Department are allowed to call one witness each.
Separately, Microsoft is appealing

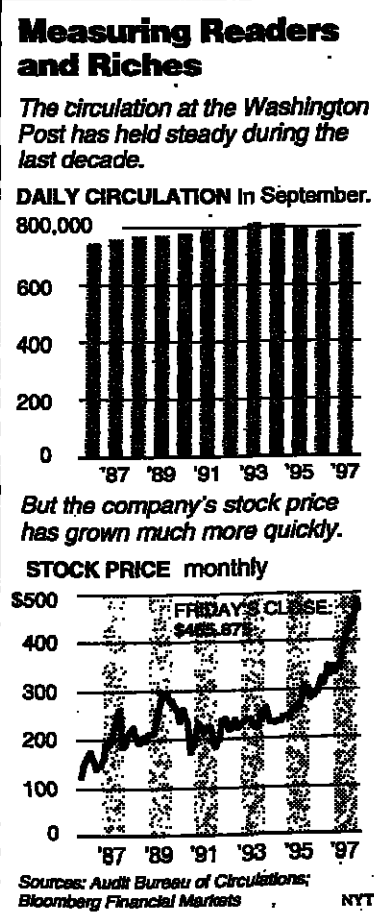
Judge Jackson's order of Dec. 11, a preliminary injunction. Until the appeals court rules, however, Judge Jackson's order applies, and he may sanction Microsoft if he concludes the software company is disobeying his instructions.
Microsoft and the Justice Department also are sparring over the appointment of Lawrence Lessig as a special court official to make a recommendation to Judge Jackson before the judge issues a final decision in the case.
Industry watchers worry, though, that the case could affect the timing of Windows 98, now scheduled for release in May. That is because if Judge Jackson decides Microsoft has to offer a fully functioning Windows 95 without the browser, then the company will likely have to provide a new version of Windows 98 that excludes Explorer.
Earlier Tuesday, Japan's Fair Trade Commission raided the Japanese unit of Microsoft to search for evidence that the company had violated antitrust rules, a Microsoft official said.
The watchdog body is trying to determine whether Microsoft follows prac-

tices in Japan similar to those that led U.S. authorities to take action against the company. Microsoft said it was cooperating fully with the Japanese agency.
The investigation involves the bundling of the Windows 95 operating system with the Internet Explorer browser, and the company's offer of a word processor and spreadsheet package to PC manufacturers in Japan, said a Microsoft executive.
Microsoft offered this combined package in order to match a competing package being offered by Just System, the largest Japanese business-software company, which has long been the market leader in this product category in Japan.
"By matching the offering of Japan's largest business software company, Microsoft has injected substantial additional competition into the Japanese software market," said Brad Smith, Microsoft's associate general counsel.
"We have expanded the choices available to Japanese consumers, which is a goal that Japanese competition law seeks to encourage."

MEDIA MARKETS

Now It's the Good, Gray Washington Post

By Iver Peterson
New York Times Service



WASHINGTON — It's not Ben Bradlee's Post any more.
The Washington Post that Leonard Downie Jr., the executive editor, and Robert Kaiser, the managing editor, inherited from Benjamin Bradlee seven years ago is bigger, richer, fatter and further-reaching than ever.
But the oversized aura that once suffused The Post — what Mr. Downie calls the "superman image" that pervaded the newsroom when Mr. Bradlee was pushing his reporters for scoops — has yielded to a more subdued ambience.
Mr. Kaiser's announcement last week that he intended to return to reporting after June 30 underscored the distance the paper has come under Mr. Bradlee's two protégés.
It is as if Mr. Downie and Mr. Kaiser had managed at last to achieve the "cruising speed" that Mr. Bradlee often said he admired in other great papers. Still, there are plenty of careful Post readers who wish their paper would do less cruising and more of the old hard-driving that gave The Post its reputation in the 1970s.
Mr. Kaiser thinks the critics remember only the glory, not the gaffes: Watergate, and not the 1981 Pulitzer Prize the paper had to return after the reporter, Janet Cooke, confessed she had invented her story of an 8-year-old heroin user.
"The Post of 1974, for which I was

the Moscow correspondent and which I dearly loved, was still Ben Bradlee's Post," Mr. Kaiser said, speaking of the Watergate year, "and Ben's notion of a newspaper was to have a lot of flash and spark and creativity, that it would get everybody talking about the Post."
But, he added, "It was uneven as hell and Janet Cooke was the ultimate expression of flash over control."
Mr. Kaiser, 54, said that a record of cool management was epitaph enough.
"My proudest accomplishment is that I helped Len get through seven years with no disasters, no explosions," Mr. Kaiser said, "and I consider it our biggest compliment that we have survived the most charismatic newspaper editor in the United States of America."
Steadiness and sobriety, not sizzle, seem to be the watchwords as The Post moves forward. In an era of post-modernism, in the post-Cold War world, the paper that Mr. Kaiser's successor will share with Mr. Downie has emerged as the post-Post.
The evidence of change is everywhere.
The Post's news staff now includes 660 fulltime and 90 flextime employees — most of the latter are working mothers — making it twice as big as in the Watergate year of 1974, when President Richard Nixon resigned as the scandal reached its apex. Then, The Post news staff numbered 356. Most of the new slots and new space have been used to

See POST, Page 15

CURRENCY & INTEREST RATES

Jan. 13										Jan. 13									
Cross Rates										Libid-Libor Rates									
	\$	£	DM	FF	Yen	DM	£	SE	Yen		Dollar	D-Mark	Swiss	French	Yen	ECU			
Australia	1.285	1.348	1.238	6.566	171.45	1.641	1.238	1.571	1.09	1-month	5 1/8 - 5 3/4	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2			
Argentina	1.099	0.998								3-month	5 1/8 - 5 3/4	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2			
Australia	1.285	1.348	1.238	6.566	171.45	1.641	1.238	1.571	1.09	6-month	5 1/8 - 5 3/4	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2			
Belgium	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09	1-year	5 1/8 - 5 3/4	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2	3 1/4 - 3 1/2			
Canada	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Denmark	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
France	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Germany	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Greece	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Italy	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Japan	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Netherlands	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Portugal	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Spain	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Sweden	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Switzerland	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Taiwan	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
UK	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
US	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
West Germany	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										
Yugoslavia	1.432		2.779	1.982	249.48	1.238	1.238	1.571	1.09										

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.9998	Greek drac.	204.28	Indonesian Rp	1,745	S. Kor. won	176.10
Australian \$	1.5254	Hong Kong \$	7.7485	Italian Lira	7.253	Sing. dollar	2.46
Belgian franc	1.1181	Indian Rupee	20.48	Norw. krone	4.75	Taiwan \$	24.37
British pound	1.646	Japanese Yen	109.4	Polish zloty	3.5	Thai baht	54.10
Canadian dollar	1.211	Korean won	180.33	Romanian lei	1,650	US dollar	1.00
Chinese yuan	8.276	Malaysian Ringgit	2.36	Saudi riyal	3.75	West. mark	1.936
Czech koruna	35.77	Philippine Peso	49.66	Sing. dollar	2.46		
Danish krone	6.46	Sri Lankan Rupee	20.48				
Deutsche mark	1.636	Turkish Lira	1.80				
French franc	6.5596	Yugoslavian Dinar	13.63				

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Argentine peso	1.0000	1.0000	1.0000	Japanese yen	1.0000	1.0000	1.0000
Australian \$	1.211	1.211	1.211	South African Rand	1.4678	1.4678	1.4678
Belgian franc	1.636	1.636	1.636	Swiss franc	1.4678	1.4678	1.4678
British pound	1.636	1.636	1.636				

Sources: IMF Bank (Australia) Cross Investment Bank (Brazil); Banca Commerciale Italiana (Italy); Banque de France (France); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Global Private Banking

**WE ATTRACT NEW CLIENTS
BY SERVING PRESENT CLIENTS
EXCEPTIONALLY WELL.**

Exceptional service demands personal attention as well as genuine concern for the financial well-being of our clients. And so we run our bank according to one fundamental principle: to protect our clients' capital as we safeguard its purchasing power.

It is a simple principle upon which we base our brand of financial conservatism: private banking built upon rigor, discipline and prudence. This sophisticated conservatism, vigorously pursued, has created a global private bank of exceptional stability, capable of weathering the roughest storms.

Indeed, Republic's capitalization ratio, on a risk adjusted basis, is *two times* as great as that required by the world's international banking regulators.

To our way of thinking, it is *security* as well as return that we must ensure each day. And in the process, to provide a unique quality of service, understanding and discretion.

Republic National Bank of New York
Strength. Security. Service.

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THE AMERICAS

Data Put U.S. Inflation at Lowest Since '86

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. consumer price index — the broadest gauge of costs for goods and services — barely budged in December, figures released Tuesday showed, winding up 1997 with its smallest annual gain in more than a decade.

The index climbed 0.1 percent last month, the same as in November, the Labor Department said. For all of last year the index increased 1.7 percent, after a 3.3 percent rise in 1996, thanks to the sharpest drop in energy costs in six years and the smallest increase in food costs in five years.

Inflation has not been milder since 1986, when a plunge in oil prices held the rise in the overall consumer price index to 1.1 percent.

"Current price performance is unprecedented," said Bruce Steinberg, a Merrill Lynch economist. "Inflation has never been so low so far into an expansion."

The core rate of the consumer price index,

which excludes food and energy costs, rose 0.2 percent in December after increasing 0.1 percent in November. For all of last year, the core rate increased 2.2 percent after rising 2.6 percent during 1996 — the smallest annual gain since 1.5 percent in 1965.

Economists have been predicting for months that inflation would start accelerating, but it has not yet happened. Demand for labor is strong and analysts had thought that would mean higher wages, followed by higher prices.

Instead, competition from abroad has forced manufacturers of basic goods from cars to appliances to hold the line or even cut prices. Improved productivity from the rapid spread of computer and other high-tech goods has allowed many employers to offer slightly higher wages increases without passing on the cost.

"Prices of raw materials are in retreat. Oil prices are down," according to a forecast by

Scott Brown, an economist at Raymond James & Associates in St. Petersburg, Florida. What is more, "there is a well-ingrained behavioral resistance to inflation" on the part of consumers and businesses, he said.

Competition and consolidation, as well as money-saving technology and cheap imports — stemming from the depressing effects of Asia's financial crisis — are also restraining prices, analysts said. Medical costs, held in check by the push toward managed care, rose just 2.8 percent in 1997, the smallest rise since a 2.8 percent increase in 1965, the government said.

At some point, higher production costs will be passed on to consumers in some industries. On Monday, for example, Procter & Gamble Co. said it would raise the prices of its Charmin, Bounty and Puffs paper products by 4 percent to 7 percent as of Jan. 19, in part to offset an increase in manufacturing costs.

(Bloomberg, AP)

Technology Gives Lift to Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Tuesday, bolstered by a rebound in Asian shares that soothed nervous investors as they awaited corporate earnings reports.

Computer-related companies had their biggest gains in more than six weeks. Intel spurred the rally, closing up 1 1/2% at 77 as investors speculated that the computer-chip maker's fourth-quarter earnings would top forecasts.

After the close, Intel said its earnings fell to \$1.74 billion, or 98 cents a share, from \$1.91 billion, or \$1.06 a share, a year earlier, but that still exceeded analysts' expectations. Revenue at the world's largest semiconductor maker rose to \$6.5 billion from \$6.4 billion.

But Intel also warned that profit margins would narrow in the first quarter.

"We are seeing a rebound in financial and technology stocks due to better profitability anticipated out

U.S. STOCKS

of the likes of Intel and a growing conviction that currencies will begin to stabilize in Asia," said Tom Galvin, chief stock strategist at Deutsche Morgan Grenfell.

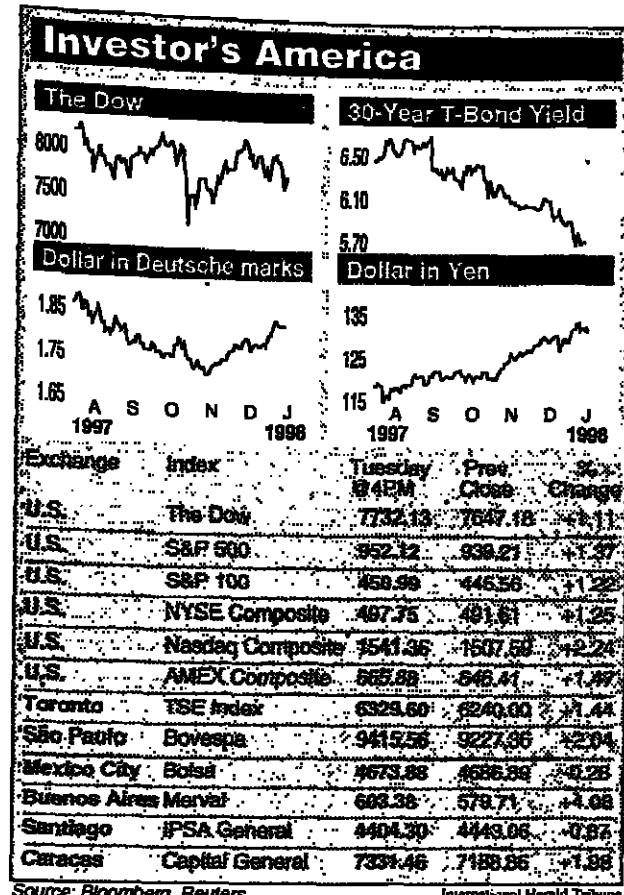
Intel helped lift the Nasdaq composite index, which closed up 33.78 points at 1,541.36. The Dow Jones industrial average closed up 84.95 points at 7,732.13, while the Standard & Poor's 500 index rose 12.91 points to close at 952.12. Gaining issues outnumbered losing ones by a 5-to-2 ratio on the New York Stock Exchange.

Stocks also were lifted by prospects for low interest rates to result in higher corporate profits. While the yield on the benchmark 30-year Treasury bond rose to 5.72 percent Tuesday from 5.69 percent Monday, rates are still near the lowest since the Treasury began regular sales of 30-year securities in 1977.

"Investors have to be careful about where they place their bets these days because this market is very earnings-sensitive," said James Carroll, a money manager in Loomis, Sayles & Co.'s Detroit office. "The main issue going forward is whether lower interest rates will make up for any earnings shortfalls. And on balance, I think they will."

Seagate Technology was the most active Big Board issue, rising 1 1/2% to 194 in step with other technology stocks.

(Reuters, Bloomberg)



Very briefly:

• Sega Enterprises Ltd. of Japan, has cut staff at its U.S. subsidiary, Sega of America Inc., by 25 percent, reflecting slow sales. Sega declined to give the number employed at the subsidiary, but Iiji news agency reported 100 jobs were cut.

• U.S. Office Products Co. is to buy back 28 percent of its shares for about \$1 billion and spin off four units to focus on its office-products and Mail Boxes Etc. businesses.

• Thomson Corp. agreed to buy Computer Language Research Inc. for \$325 million, adding tax-preparation software to the information services that it provides to clients such as accounting firms.

• SLM Holding Corp., the largest buyer of U.S. student loans, said fourth-quarter profits rose 21 percent to \$133 million, from \$110 million a year earlier.

• Hasbro Inc. is to close its plant in Juarez, Mexico, and fire 500 fulltime workers as the U.S. toy maker continues consolidating manufacturing operations.

• Ameritech Corp. said fourth-quarter profit before one-time items rose a record 10.5 percent to \$610 million, or 55 cents a diluted share, from \$552 million, or 50 cents a diluted share.

• Argentina's banking sector remains weak and vulnerable to the adverse effects of market volatility, Moody's Investors Service said.

(Reuters, Bloomberg)

FTC Tentatively Clears Intel Deal

Bloomberg News

WASHINGTON — U.S. antitrust authorities said Tuesday that Intel Corp.'s \$420 million acquisition of Chips & Technologies Inc. could proceed for now, although they would continue to study the transaction for anti-competitive effects.

After a seven-month review, the Federal Trade Commission voted not to go to court to block the transaction at this time. Instead it took the unusual step of keeping the review open while letting the companies complete the transaction.

Dollar Sinks As Outlook for Yen Brightens

Bloomberg News

NEW YORK — The dollar fell against the yen Tuesday as currency and stock markets in Asia rebounded and amid lingering concern that central banks may intervene to support the Japanese currency.

"The idea that maybe the crisis phase of the Asian turmoil may be over is strengthening the yen," said Marc Chandler, currency strategist at Deutsche Morgan Grenfell.

The dollar fell to 131.63 yen in 4 P.M. trading from 132.75 yen Monday. It also fell to 1.8199 Deutsche

FOREIGN EXCHANGE

marks from 1.8225 DM and to 6.0935 French francs from 6.1030 francs, but it rose to 1.4783 Swiss francs from 1.4777 francs. The pound rose to \$1.6337 from \$1.6215.

Meetings last week between senior Japanese and U.S. finance officials fueled speculation that central banks in Japan, the United States and Europe would join in selling the U.S. currency.

"The dollar is being held back by discussions of intervention," said Sykes Wilford, a money manager at CDC Investment Management.

The dollar's losses against the mark were limited by renewed speculation that German interest rates would not be headed higher. The Kiel Institute, a German economics research group, said Southeast Asia's financial turmoil may slow German growth enough to prompt the Bundesbank to cut rates soon.

Are U.S. Rates Heading for a Fall?

By John M. Berry

Washington Post Service

WASHINGTON — As Asia's economic troubles mount, U.S. financial markets are signaling a growing expectation that Federal Reserve Board policymakers will cut short-term interest rates soon.

The dollar is soaring, and U.S. interest rates are tumbling, despite continuing strong U.S. economic growth and extremely tight labor markets in this country — two factors that would normally push rates up.

The clearest evidence of market participants' thinking can be seen in the level of various interest rates. In Tuesday trading, for example, the yield on three-month and six-month U.S. Treasury bills

was about 5 percent — well below the 5.50 percent level of the overnight interbank lending rate, known as the federal funds rate, which the central bank has been maintaining since March. Furthermore, the 30-year Treasury bond yield was only 5.71 percent, less than a quarter of a percentage point higher than overnight rates.

Unless some major event occurs — such as a sharp break in the U.S. stock market or a widespread default on debt in Asia that destabilizes financial markets in industrial countries — the Fed appears unlikely to cut rates at its next policy-making session on Feb. 3 and 4.

"It's still a little premature to expect a rate cut," said James Glassman, an economist at Chase Securities Inc. "But people are sensing a shift in the mindset of people like Greenspan and Meyer," he said, referring to Alan Greenspan, the Fed chairman, and Laurence Meyer, a Fed governor. Mr. Greenspan created a buzz in the market — and triggered a noticeable decline in rates — a week ago when he discussed at length the potential danger of deflation, which is a general decline in the price level.

Then last week, Mr. Meyer, who had frequently expressed his concern over inflation changed course and said in a speech: "Because the upside and downside risks for growth and inflation appear to be more balanced than had been the case earlier, I believe monetary policy also needs to be in a more balanced position."

Whirlpool to Cut 3,200 Jobs in Its Brazil Unit

Bloomberg News

BENTON HARBOR, Michigan — Whirlpool Corp. said Tuesday that its Brazilian unit would dismiss 3,200 workers, a quarter of the unit's force, as it tries to cut costs and increase appliance sales in a more competitive Latin American market.

Brasmotor SA, 66 percent owned by Whirlpool, will take a fourth-quarter charge of \$31 million for the move. Whirlpool's share of the charge will be about \$14 million.

The job cuts and charge are part of a global restructuring of Whirlpool's appliance business and follow its purchase of an additional 33

percent stake in Brasmotor for \$217 million. The firm has held a stake in Brasmotor for at least 40 years.

The restructuring was expected, said Jeff Sprague, a Cowen & Co. analyst. "It was assumed that once Whirlpool gained a majority stake in Brasmotor they would lean things out."

He added: "Brazil has been lousy, Asia is falling. This is investors taking a big sigh of relief."

Whirlpool said its earnings for the fourth quarter and 1997 still will meet analysts' recent estimates and top those of the year-ago periods by about 35 percent, sending its shares up 2.875, to 53.375, in late trading.

The company is expected to earn 85 cents a share in the fourth quarter, the average of eight analysts surveyed by IBES International Inc., and \$3.15 a share for the year, the average of 11 analysts.

Whirlpool said it expected to save about \$20 million annually, or 26 cents a share, from the restructuring, which is expected to be completed by the end of the first quarter.

Brasmotor is the holding company that controls Multibras SA Eletrodomesticos, Latin America's largest appliance company. It also owns Embraco, which supplies compressors to Whirlpool, Multibras and other refrigerator makers.

AMEX

Tuesday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chg
IBM	1,100,000	110.00	109.00	109.00	-0.50
Microsoft	1,000,000	55.00	54.00	54.00	-0.50
Apple	800,000	45.00	44.00	44.00	-0.50
Oracle	700,000	35.00	34.00	34.00	-0.50
Sun	600,000	25.00	24.00	24.00	-0.50
Intel	500,000	77.00	76.00	76.00	-0.50
Amazon	400,000	15.00	14.00	14.00	-0.50
Alibaba	300,000	10.00	9.00	9.00	-0.50
Google	200,000	5.00	4.00	4.00	-0.50
Yahoo	100,000	2.00	1.00	1.00	-0.50

U. S. STOCK MARKET DIARY

Index	High	Low	Latest	Chg
Dow Jones	7732.13	7647.13	7732.13	+84.95
S&P 500	952.12	939.21	952.12	+12.91
Nasdaq	1541.36	1507.58	1541.36	+33.78
AMEX	565.88	548.41	565.88	+1.99
NYSE	450.99	446.56	450.99	+1.22
Nasdaq	1541.36	1507.58	1541.36	+33.78
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Nasdaq	1541.36	1507.58	1541.36	+33.78
AMEX	565.88	548.41	565.88	+1.99
NYSE	450.99	446.56	450.99	+1.22
Nasdaq	1541.36	1507.58	1541.36	+33.78
AMEX	565.88	548.41	565.88	+1.99
NYSE	450.99	446.56	450.99	+1.22
Nasdaq	1541.36	1507.58	1541.36	+33.78
AMEX	565.88	548.41	565.88	+1.99
NYSE	450.99	446.56	450.99	+1.22
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NYSE	450.99	446.56	450.99	+1.22
Nasdaq	1541.36	1507.58	1541.36	+33.78

EUROPE

Deficit in Germany Less Than Predicted

Results Brighten Prospects for the Euro

Compiled by Our Staff From Dispatches

BONN—Finance Minister Theo Waigel presented final figures for the 1997 federal budget Tuesday that showed the deficit was significantly lower than expected, improving Germany's chances of meeting the criteria for Europe's single currency at its scheduled beginning next year.

The deficit was 64.6 billion Deutsche marks (\$35 billion) last year, well below government forecasts and almost certain to ensure that Germany's deficit will be no more than 3 percent of total output. The deficit number does not include spending by German states and public agencies that will be included when the total deficit is calculated.

The 3 percent level is the magic number that Mr. Waigel has insisted on meeting, saying that if all the participants in the planned common currency, the euro, keep their deficits in line, Germany will be more willing to give up their beloved Deutsche mark in favor of the new currency.

The accord governing the euro, the Maastricht treaty on European economic and monetary union, states that participants must meet a range of fiscal targets in 1997, including limits on budget deficits, inflation and debt. While the treaty does not specifically call for a deficit of 3.0 percent or less, critics of the euro have said deficits larger

than that would lead to a soft currency.

With the results presented Tuesday, Mr. Waigel said he was optimistic that Germany "will succeed in meeting the Maastricht criteria."

The German government had forecast a budget deficit of 70.9 billion DM for 1997, which put it dangerously close to missing the deficit target. But cost-cutting and the early sale of government shares in Luftansa German Airlines and the phone giant Deutsche Telekom AG helped Bonn lower the deficit.

Many economists had expected Germany to overshoot the 3.0 percent target slightly but still to qualify under a less stringent interpretation of the treaty.

Critics, including German politicians and Bundesbank officials, have expressed concern that a loose interpretation of the treaty targets would allow countries with a poor record of budget discipline to slip into the currency club.

In Frankfurt, the president of the Bundesbank, Hans Tietmeyer, met U.S. senators to discuss plans for the euro and said he hoped investors would regard it as highly as the U.S. dollar.

"I hope the euro will be a real competitor to the dollar," he said. "We will do everything we can to make it a strong currency."



Hans Tietmeyer, the Bundesbank president, right, talking Tuesday with an American visitor to Frankfurt, Senator Pete Domenici.

While continued economic turmoil in Asia could interrupt Europe's plans, economists, politicians and central bankers are still predicting only moderate effects on European economies.

A Bundesbank council member, Franz-Christoph Zeiler, predicted, "If the Asian financial crisis dampens our growth, it will do so via the devaluations in the countries concerned, which will make their exports more competitive in foreign markets."

Mr. Zeiler also said, in a speech to civil servants, that Europe's common currency could start with short-term interest rates "close to" the

present level of rates in Germany and France.

Low rates will be possible when the euro is introduced next Jan. 1 if the currency union includes only those nations with a "lasting" ability to meet the economic-stability rules for member countries, he said.

(Reuters, Bloomberg)

Dutch Objections to Italy?

The Dutch finance minister, Gerrit Zalm, threatened to quit if the Netherlands voted to allow Italy to be a founding participant in the euro, Bloomberg quoted the Dutch daily NRC Handelsblad as reporting.

Finance Ministry officials were not available to comment on the report. NRC Handelsblad said Mr. Zalm had declined to comment on the report, for which the newspaper did not name a source.

Spokesman for Mr. Zalm and for Prime Minister Wim Kok have said that neither opposed Italy's entry into monetary union.

The newspaper said that at the last news conference, Mr. Zalm told Mr. Kok that he would resign if the Netherlands voted to allow Italy to join the first-round participants in the common currency.

Mr. Zalm, characterizing himself as a champion of a strong euro, said he saw no good coming from Italy's initial participation in monetary union, the newspaper said.

While not naming a source, Handelsblad said that top government officials had confirmed Mr. Zalm's comments, which it said were made during a cabinet meeting last year.

With 5% Rise In Sales, VW Holds Top Post

Reuters

FRANKFURT—Volkswagen AG held on to its lead as the top seller of cars in Western Europe in 1997, keeping pace with a 4.8 percent rise in regional sales.

Sales for the German automaker also rose 4.8 percent, with help from a late-year surge tied to the launch of a revamped model of its top-selling Golf, to 2.3 million vehicles, according to a report issued Tuesday by the European Automobile Manufacturers Association.

Market share for the company, which sells cars under the VW, Audi, SEAT and Skoda brands, was unchanged at 17.2 percent.

Overall new-car sales in Western Europe, which includes the 15-member European Union, Norway and Switzerland, rose to 13.4 million cars, the association said.

Industry observers said the sales burst was due largely to tax incentives in Greece, Italy, Ireland and Spain for consumers who traded in old cars for new ones.

"It is clearly artificial growth," said Peter Schmidt of Automotive Industry Data in England.

"If the price is right, you can sell pretty much anything. The automobile industry last year was living on borrowed time," said Mr. Schmidt, who predicted that 1998 new-car sales would fall to 13.1 million vehicles in Western Europe as the incentives end.

Sales rose 39 percent in Italy, to 2.4 million cars, while Ireland reported an 18 percent rise, to 136,600, including a 733 percent gain in December, to 7,500 vehicles.

Fiat SpA, the major Italian carmaker, benefited from tax incentives to place third in Western Europe, as sales rose 11.6 percent to 1.6 million vehicles.

"Apart from Italy, the rest of Europe appears to be down slightly, by about 0.5 percent," said Nigel Griffiths of DRIMcGraw Hill in London, who said 1998 sales would rise to 13.45 million due to projected increases in Britain and Germany. Italian sales will fall, he said.

In December alone, West European new-car registrations surged 13 percent, more than double the expected rate.

West European new-car sales hit a record 13.5 million units in 1991, helped by demand caused by German unification.

Investor's Europe

Frankfurt DAX		London FTSE 100 Index		Paris CAC 40	
4500		5400		3100	
4300		5300		3000	
4100		5150		2800	
3900		5000		2600	
3700		4850		2700	
3500		4700		2800	
A S O N D J		A S O N D J		A S O N D J	
1997		1997		1997	
1998		1998		1998	
1999		1999		1999	
Exchange	Index	Tuesday	Prev.	% Change	
		Close <td>Close<td></td><td></td></td>	Close <td></td> <td></td>		
Amsterdam	AEX	911.54	891.95	+2.20	
Brussels	BEL-20	2,441.94	2,404.85	+1.54	
Frankfurt	DAX	4,159.40	4,087.28	+1.76	
Copenhagen	Stock Market	678.21	667.08	+1.67	
Helsinki	HEX General	3,286.13	3,220.43	+2.04	
Oslo	OBX	628.55	611.85	+2.71	
London	FTSE 100	5,083.90	5,068.80	+0.30	
Madrid	Stock Exchange	653.87	645.14	+1.35	
Milan	MIITEL	17859	17633	+1.28	
Paris	CAC 40	2,902.83	2,862.54	+1.41	
Stockholm	SX 16	3,038.80	3,037.20	+0.05	
Vienna	ATX	1,245.66	1,246.18	-0.04	
Zurich	SPI	3,840.50	3,781.36	+1.58	

Very briefly:

- Britain's underlying inflation rate, which excludes home-loan costs, eased to 2.7 percent for all of 1997 from 2.8 percent for the 12 months ended in November but was above the government's target for the seventh month in a row. Retail-price inflation, meanwhile, dropped to 3.6 percent in the latest 12-month period from 3.7 percent a month earlier.
- Aerospatiale's 1997 orders rose 27 percent, to a record 80.3 billion francs (\$13.22 billion), amid demand for the French state-owned aerospace and defense company's airplanes, missiles, helicopters and satellites. The maker of Airbus jets said sales rose 8 percent, to 55 billion francs, as the airline industry continued a rebound started in 1995.
- Garuda Indonesia, the Indonesian airline, defaulted on two installments of loans totaling \$630 million for planes from Airbus Industrie due in December, banking sources said.
- The European Commission, which is investigating British beer prices, will approve contracts between Scottish & Newcastle PLC, Britain's largest brewer, and the tenants of its pubs but will investigate whether two other brewers, Bass PLC and Allied Domecq PLC, are overcharging.
- Matsushita Electric Industrial Co. will close its videocassette recorder plant in France by the end of March because of increasing competition.
- The Bundesbank will sell a new 30-year German government bond next Wednesday. The government aims to raise 10 billion Deutsche marks (\$5.51 billion) with the issue.
- Hoechst Marion Roussel, the pharmaceutical unit of Hoechst AG, will announce "several hundred job cuts" in the research and development area this week, the head of the company's workers council said.
- Iberia Lineas Aereas de Espana SA will order as many as 50 Boeing Co. or Airbus Industrie jets in the first stage of a fleet renovation that is expected to cost as much as \$500 billion pesos (\$3.24 billion).

ICI Brings In Guinness Chairman O'Neill

Compiled by Our Staff From Dispatches

LONDON—Imperial Chemical Industries PLC announced a shake-up of its top management Tuesday, completing a frenetic year in which it transformed itself from a lumbering bulk chemicals outfit into a major international producer of specialty products.

As its chief operating officer, the company has hired Brendan O'Neill, currently chairman of Diageo PLC's Guinness brewing unit. He is expected eventually to succeed ICI's chief executive, Charles Miller Smith, who is set to become chairman in April 1999 when Sir Ronald Hampel retires.

Sir Ronald directed the 1993 demerger of ICI's Zeneca pharmaceutical division. The move was ICI's first major shift from a commodity chemicals refiner to a company that now sells paints to homeowners, flavors to food makers, acrylics for kitchen sinks and other "higher value-added" products for nonindustrial consumers.

The decision to appoint Mr. O'Neill came as a surprise in the chemicals industry, where he is virtually unknown, but analysts in the brewing industry said he was well regarded. ICI's shares closed at 935 pence (\$15.10), up 10, on the London Stock Exchange.

Mr. O'Neill is the second senior executive ICI has appointed from outside the company in what analysts said illustrated a cultural change at ICI. The other was Miller Smith, a former Unilever NV senior executive named ICI chief executive in April 1995.

"Bringing in people from the outside is very radical for ICI, but Dr. O'Neill's background is much closer to the new ICI," said Jeremy Chantry, a chemicals analyst at Credit Lyonnais Laing.

The kind of move Mr. O'Neill led to expand the Guinness brand, analysts say, will be a key to ICI's prospects. (Bloomberg, Reuters)

WORLD STOCK MARKETS

Tuesday, Jan. 13

Prices in local currencies

High Low Close Prev.

Amsterdam AEX Index 911.54

Prev. 891.95

ASO ND J

1997

1998

1999

ASO ND J

1997

1998

1999

ASO ND J

1997

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ASO ND J

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Asia

High Low Close Prev.

SA Breweries

115 115 115 115

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Europe

High Low Close Prev.

SA Breweries

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Tuesday's 4 P.M.
100 most traded National Market securities
in dollar value, updated twice a year.
The Associated Press.

[illegible]

Age	Sex	Dr	PE	Height	Low	Upper	Cr
15	M	11	11	11	11	11	11
16	M	12	12	12	12	12	12
17	M	13	13	13	13	13	13
18	M	14	14	14	14	14	14
19	M	15	15	15	15	15	15
20	M	16	16	16	16	16	16
21	M	17	17	17	17	17	17
22	M	18	18	18	18	18	18
23	M	19	19	19	19	19	19
24	M	20	20	20	20	20	20
25	M	21	21	21	21	21	21
26	M	22	22	22	22	22	22
27	M	23	23	23	23	23	23
28	M	24	24	24	24	24	24
29	M	25	25	25	25	25	25
30	M	26	26	26	26	26	26
31	M	27	27	27	27	27	27
32	M	28	28	28	28	28	28
33	M	29	29	29	29	29	29
34	M	30	30	30	30	30	30
35	M	31	31	31	31	31	31
36	M	32	32	32	32	32	32
37	M	33	33	33	33	33	33
38	M	34	34	34	34	34	34
39	M	35	35	35	35	35	35
40	M	36	36	36	36	36	36
41	M	37	37	37	37	37	37
42	M	38	38	38	38	38	38
43	M	39	39	39	39	39	39
44	M	40	40	40	40	40	40
45	M	41	41	41	41	41	41
46	M	42	42	42	42	42	42
47	M	43	43	43	43	43	43
48	M	44	44	44	44	44	44
49	M	45	45	45	45	45	45
50	M	46	46	46	46	46	46
51	M	47	47	47	47	47	47
52	M	48	48	48	48	48	48
53	M	49	49	49	49	49	49
54	M	50	50	50	50	50	50
55	M	51	51	51	51	51	51
56	M	52	52	52	52	52	52
57	M	53	53	53	53	53	53
58	M	54	54	54	54	54	54
59	M	55	55	55	55	55	55
60	M	56	56	56	56	56	56
61	M	57	57	57	57	57	57
62	M	58	58	58	58	58	58
63	M	59	59	59	59	59	59
64	M	60	60	60	60	60	60
65	M	61	61	61	61	61	61
66	M	62	62	62	62	62	62
67	M	63	63	63	63	63	63
68	M	64	64	64	64	64	64
69	M	65	65	65	65	65	65
70	M	66	66	66	66	66	66
71	M	67	67	67	67	67	67
72	M	68	68	68	68	68	68
73	M	69	69	69	69	69	69
74	M	70	70	70	70	70	70
75	M	71	71	71	71	71	71
76	M	72	72	72	72	72	72
77	M	73	73	73	73	73	73
78	M	74	74	74	74	74	74
79	M	75	75	75	75	75	75
80	M	76	76	76	76	76	76
81	M	77	77	77	77	77	77
82	M	78	78	78	78	78	78
83	M	79	79	79	79	79	79
84	M	80	80	80	80	80	80
85	M	81	81	81	81	81	81
86	M	82	82	82	82	82	82
87	M	83	83	83	83	83	83
88	M	84	84	84	84	84	84
89	M	85	85	85	85	85	85
90	M	86	86	86	86	86	86
91	M	87	87	87	87	87	87
92	M	88	88	88	88	88	88
93	M	89	89	89	89	89	89
94	M	90	90	90	90	90	90
95	M	91	91	91	91	91	91
96	M	92	92	92	92	92	92
97	M	93	93	93	93	93	93
98	M	94	94	94	94	94	94
99	M	95	95	95	95	95	95
100	M	96	96	96	96	96	96

Line	Code	Qty	Unit	Price	Total	Remarks
1	001	1	kg	10.00	10.00	10.00
2	002	1	kg	10.00	10.00	10.00
3	003	1	kg	10.00	10.00	10.00
4	004	1	kg	10.00	10.00	10.00
5	005	1	kg	10.00	10.00	10.00
6	006	1	kg	10.00	10.00	10.00
7	007	1	kg	10.00	10.00	10.00
8	008	1	kg	10.00	10.00	10.00
9	009	1	kg	10.00	10.00	10.00
10	010	1	kg	10.00	10.00	10.00
11	011	1	kg	10.00	10.00	10.00
12	012	1	kg	10.00	10.00	10.00
13	013	1	kg	10.00	10.00	10.00
14	014	1	kg	10.00	10.00	10.00
15	015	1	kg	10.00	10.00	10.00
16	016	1	kg	10.00	10.00	10.00
17	017	1	kg	10.00	10.00	10.00
18	018	1	kg	10.00	10.00	10.00
19	019	1	kg	10.00	10.00	10.00
20	020	1	kg	10.00	10.00	10.00
21	021	1	kg	10.00	10.00	10.00
22	022	1	kg	10.00	10.00	10.00
23	023	1	kg	10.00	10.00	10.00
24	024	1	kg	10.00	10.00	10.00
25	025	1	kg	10.00	10.00	10.00
26	026	1	kg	10.00	10.00	10.00
27	027	1	kg	10.00	10.00	10.00
28	028	1	kg	10.00	10.00	10.00
29	029	1	kg	10.00	10.00	10.00
30	030	1	kg	10.00	10.00	10.00
31	031	1	kg	10.00	10.00	10.00
32	032	1	kg	10.00	10.00	10.00
33	033	1	kg	10.00	10.00	10.00
34	034	1	kg	10.00	10.00	10.00
35	035	1	kg	10.00	10.00	10.00
36	036	1	kg	10.00	10.00	10.00
37	037	1	kg	10.00	10.00	10.00
38	038	1	kg	10.00	10.00	10.00
39	039	1	kg	10.00	10.00	10.00
40	040	1	kg	10.00	10.00	10.00
41	041	1	kg	10.00	10.00	10.00
42	042	1	kg	10.00	10.00	10.00
43	043	1	kg	10.00	10.00	10.00
44	044	1	kg	10.00	10.00	10.00
45	045	1	kg	10.00	10.00	10.00
46	046	1	kg	10.00	10.00	10.00
47	047	1	kg	10.00	10.00	10.00
48	048	1	kg	10.00	10.00	10.00
49	049	1	kg	10.00	10.00	10.00
50	050	1	kg	10.00	10.00	10.00
51	051	1	kg	10.00	10.00	10.00
52	052	1	kg	10.00	10.00	10.00
53	053	1	kg	10.00	10.00	10.00
54	054	1	kg	10.00	10.00	10.00
55	055	1	kg	10.00	10.00	10.00
56	056	1	kg	10.00	10.00	10.00
57	057	1	kg	10.00	10.00	

[illegible]

項目	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	

Tuesday's 4 P.M. Close
(Continued)

[illegible]

13 Month	High	Low	Stock	DIV Yld	P/E	52 High	Low	Last	Change
274	25	25	ABSC Inc	1.25	7.5	—	153	274	274
275	25	25	ABSC INC	2.13	40	—	153	274	274
276	25	25	ABSC INC	2.13	40	—	153	274	274
277	25	25	ABSC INC	2.13	40	—	153	274	274
278	25	25	ABSC INC	2.13	40	—	153	274	274
279	25	25	ABSC INC	2.13	40	—	153	274	274
280	25	25	ABSC INC	2.13	40	—	153	274	274
281	25	25	ABSC INC	2.13	40	—	153	274	274
282	25	25	ABSC INC	2.13	40	—	153	274	274
283	25	25	ABSC INC	2.13	40	—	153	274	274
284	25	25	ABSC INC	2.13	40	—	153	274	274
285	25	25	ABSC INC	2.13	40	—	153	274	274
286	25	25	ABSC INC	2.13	40	—	153	274	274
287	25	25	ABSC INC	2.13	40	—	153	274	274
288	25	25	ABSC INC	2.13	40	—	153	274	274
289	25	25	ABSC INC	2.13	40	—	153	274	274
290	25	25	ABSC INC	2.13	40	—	153	274	274
291	25	25	ABSC INC	2.13	40	—	153	274	274
292	25	25	ABSC INC	2.13	40	—	153	274	274
293	25	25	ABSC INC	2.13	40	—	153	274	274
294	25	25	ABSC INC	2.13	40	—	153	274	274
295	25	25	ABSC INC	2.13	40	—	153	274	274
296	25	25	ABSC INC	2.13	40	—	153	274	274
297	25	25	ABSC INC	2.13	40	—	153	274	274
298	25	25	ABSC INC	2.13	40	—	153	274	274
299	25	25	ABSC INC	2.13	40	—	153	274	274
300	25	25	ABSC INC	2.13	40	—	153	274	274
301	25	25	ABSC INC	2.13	40	—	153	274	274
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WORLD ROUNDUP

When a Shot of Calves' Blood Turns Injury into Triumph

Vantage Point / **ROB HUGHES**



Venus Williams returning to Martina Hingis in the third set.

Williams Tops Hingis

TENNIS Venus Williams overcame cramps and dehydration Tuesday to beat Martina Hingis, the world No. 1, in the second round of the Sydney International, 3-6, 6-4, 7-5. Williams and Hingis, both 17, required court-side treatment for cramps as they battled for 132 minutes in the hot sun.

Bath Suspends Player

RUGBY UNION Bath rugby club suspended Kevin Yates, an England international, Tuesday following an ear-biting incident in a club match against London Scottish. Simon Fenn, a London Scottish forward, needed 25 stitches in his ear after it was bitten. Yates says he is innocent. (Reuters)

Skaters Make the Cut

SKATING Russian figure skaters Evgeny Platov and Pasha Grishuk won both compulsory dances at the European championships Tuesday after Platov was struck by an archival's skate blade. Platov suffered a bruised right calf after Anjelika Krylova's blade struck him during the warmup for the first dance. On Saturday, Grishuk was cut after a collision with Krylova that left her arm bleeding and her costume torn. Krylova and Oleg Ovsianikov were in second place. (Reuters)

TV Hurls Cash at NFL

FOOTBALL The NFL signed U.S. TV deals worth more than \$8 billion Monday and it hasn't finished. It agreed a \$4 billion, eight-year deal, for American Football Conference games with CBS, the one U.S. network that does not have a current NFL contract. Fox agreed to a \$4.4 billion, eight-year contract to keep its National Football Conference games. TNT and ESPN, the cable broadcasters, are expected to retain their Sunday night packages at around \$1 billion each. That would leave the two remaining networks, NBC and ABC bidding for Monday Night Football. (AP)

LONDON — Who is the keeper of a sportsman's body? Who decides what treatments, what risks, what short cuts he or she takes when there isn't time for nature's healing processes? The questions are not whimsical. In soccer today, players are paid and traded for millions of dollars by clubs where the pressures to get a pound of flesh, to hurry them back to the playing field, are frightening. When the club is in crisis, the gambles on players' health become extreme.

At the start of this week, five players of Tottenham Hotspur were flown from London to Munich where Hans Muller-Wolfahrt, a maverick medical practitioner who gets results, reportedly injected them with substances that included calves' blood. He predicted that Les Ferdinand and David Ginola will be ready for Tottenham's big game against West Ham United on Saturday, but Steven Iversen, Allan Nielsen and Chris Armstrong need more treatment, more time.

"It's right to try something new," said Iversen, 21, who is aching to perform not only for Spurs but for a World Cup place in the Norwegian squad. "In London, they told me it would take six weeks more, now that is already down to four."

Norway's soccer federation has asked Tottenham to allow Iversen to be examined in Oslo with a view to assessing his chances of making its Under-21 side by May, a forerunner to World Cup selection in June. So whose body is it anyway? Iversen's, Norway's or Tottenham's? The club, which pays the wages, has first claim.

Tottenham's injury list has reached epidemic proportions — 15 men down with assorted injuries. One theory is that the very Englishness — that is to say maximum physical stress — of the training causes the breakdown. Iversen's fellow travelers to Munich were Ferdinand and Chris Armstrong, both Englishmen, Ginola from France, and Allan Nielsen, a Dane.

The house call to Muller-Wolfahrt was arranged by Jurgen Klinsmann, Tottenham's intended savior on the field. Germany's national team captain, who is himself attempting to find peak form and fitness after a debilitating leg injury. Klinsmann knows the doctor better than he knows some of his Tottenham pals. He was weaned on Muller-Wolfahrt's unique mixture of homeopathic and conventional medicine during his time play-

ing for Germany and Bayern Munich, and the good doctor also heads Germany's national squad treatment team. "To outsiders, my methods are unorthodox," agrees Muller-Wolfahrt, "but I stand by my results."

Down the years he has stood by such luminaries as Boris Becker, who rushed to Muller-Wolfahrt's clinic at the merest twinge. At times we have seen Becker, on the brink of exhaustion, sip from a tiny capsule during a tennis match and recover to make one of his phenomenal comebacks. The potion, prepared in Munich, is a trade secret, though there do not appear to be any ethical or legal doubts over the ingredients.

Mystique seems a part of the medicine. In China, rumors have attributed world records to the "turtle blood" brew prepared by trainer Ma Junren; in Germany, Muller-Wolfahrt's approach involves touch and talk and the calves' blood potion. Psychology must play a part, the athletes must believe in the healer, and may be desperate to do so by the time they are recommended to him.

Yet I recall a player responding to Muller-Wolfahrt's medicine when it was unlikely he had any idea who the

doctor was or what the treatment entailed. It happened in Munich a few hours before Germany played a Rest of the World team in aid of Unicef after the 1990 World Cup. One of the World players, Oscar Ruggeri, had flown in that afternoon and reported a "dead leg" after the trans-Atlantic flight had stiffened an injury sustained in a match the previous night.

Bobby Robson, coach to the Rest of the World team, watched in disbelief as Muller-Wolfahrt administered his medicine. "I'd never seen such a bloody big needle!" exclaimed Robson.

Ruggeri, unable to speak either English or German, is a tough, tough cookie. He said nothing, never flinched as he took his medicine and played the 90 minutes, apparently rejuvenated, before flying back to Argentina the following morning.

When Robson tells that story these days, his eyes still water at the memory. He came from the coal mining fields of northeast England, he has managed men in soccer to triumph in England, the Netherlands, Portugal and Spain and is still involved, as director of football, at Barcelona. But Robson knows what keeps him youthful at a pensionable age: the challenge.

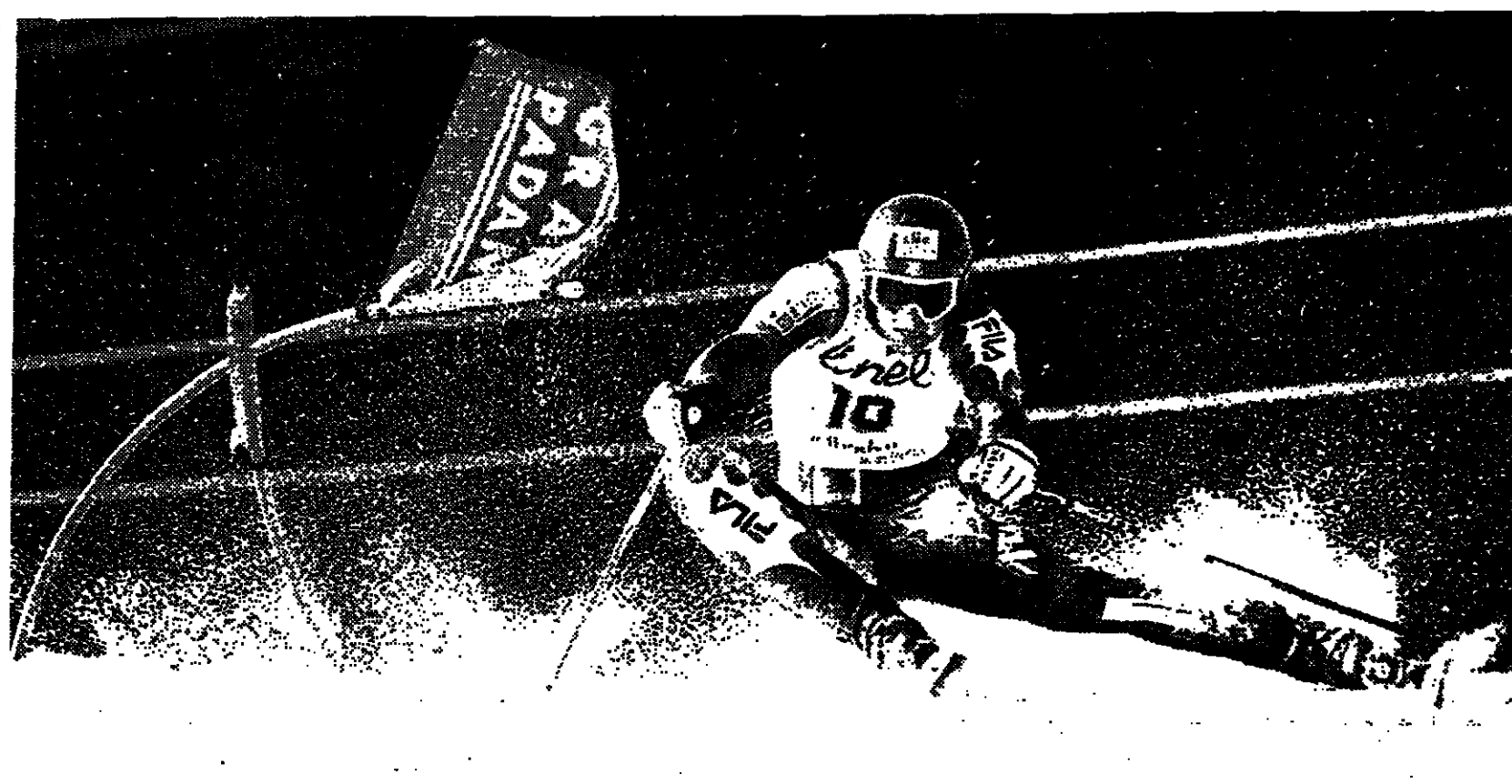
"Soccer is about players," he

reasoned as a comparatively young coach 22 years ago. "It's about the acquisition of players, about their qualities, their characters, their attitude and their mistakes. It is also about luck, misfortune and injuries — and don't forget you are dealing with human beings, surely the most complicated species in the world."

It is hard to imagine Robson will ever improve on that sage observation of his trade. It is certain he will never know, nor very likely will the players undergoing the treatment, what is in the Muller-Wolfahrt "cure-all." One man may be closer than most. According to reports, the doctor is being assisted in rehabilitating the Tottenham five by Fritz Schmid, a qualified fitness trainer from Zurich.

Schmid is waiting on an appeal to the British government to allow him to work in London, as assistant to his friend Christian Gross, who inherited the Tottenham team (and its ailments) two months ago. The Department of Employment allowed Gross, the head coach, to stay, but sent Schmid, the body conditioner, away. While he waits, it seems, he has found a way to get idle hands on the Tottenham players after all.

Rob Hughes is on the staff of The Times of London.



Patrick Holzer of Italy hurtling down the slope in Adelboden, Switzerland, during the first run of the men's giant slalom competition on Tuesday.

Maier Takes Giant Slalom For Win No. 7

ADELBODEN, Switzerland — Hermann Maier held off Michael Von Gruenigen and Paul Accola to win a men's giant slalom Tuesday, his fourth straight World Cup victory and seventh of the season.

Maier posted the fastest time in the first run and second-fastest in the final for a combined time of 2 minutes, 20.08 seconds for his 12th podium finish in 19 races.

But the Austrian's brilliant performance was outshone by Von Gruenigen's valiant effort. The 28-year-old Swiss had dislocated a shoulder in a race Thursday.

Von Gruenigen, the defending World Cup giant slalom champion, appeared unaffected by his injury. He clocked the third-fastest time in the first run and the fourth-best time on the second for an aggregate of 2:21.32, good enough to beat Accola, also of Switzerland, by one-hundredth of a second.

American Grabs Gold in an Upset at World Swimming Meet

PERTH, Australia — The American Kristy Kowal won a surprise gold medal at the world championship Tuesday while Chinese swimmers continued their run of failures.

Kowal was the upset winner in the 100-meter breaststroke with Helen Denman of Australia second and Lauren Van Oosten of Canada third. Penny Heyns of South Africa, champion of the Atlanta Olympics, was fifth and Samantha Riley of Australia, the defending world champion who is suffering from tonsillitis, came in sixth.

Australia won the men's 4-x-200 relay with the Netherlands second and Britain taking the bronze.

Tom Dolan of the United States won the men's 400-meter individual medley. Claudia Poll of Costa Rica took the women's 200-meter freestyle after two of her major Chinese rivals failed to qualify for the final.

Australian officials said Tuesday that tests on vials that the Chinese swimmer Yuan Yuan and her coach Zhou Zhewen were caught trying to smuggle into Australia were full of Somatropin, an expensive muscle-building substance that is undetectable through conventional urine tests.

"There's no suggestion it was diluted. It was pure," said Andrew Thomson, the Australian sports minister.

Chinese officials said Yuan and Zhou acted alone and have denied accusations that the drugs were intended for the whole team.

Shi Tianshu, head of the Chinese squad, said Zhou had packed the swimmer's bags and was taking the drug to a friend in Perth.

"It should not be regarded an individual case as a collective action," Xinhua quoted Shi as saying.

Rivals were not convinced.

Chinese women set two world records and set

the best times for 1997 in eight of 13 individual events at their national games in Shanghai last October.

But with the exception of Zeng Qiliang, who became the first Chinese man to win a world championship swimming medal with silver Monday in the 100-meter breaststroke, Chinese swimmers have performed well outside their best.

"It's kind of interesting when 13 vials of human growth hormone are taken from them, all of a sudden they don't swim so well," said Amy Van Dyken of the United States, a four-time Atlanta Olympic gold medalist. "Seems funny to me."

When Shan Ying of China won a bronze medal in the 100-meter freestyle Monday, she complained about the negative effects the drug controversy has caused on the team.

On Tuesday, Shan finished a distant eighth and last in her heat in the 200-meter freestyle. At times

during her swim, she appeared not to be kicking.

Two Chinese swimmers also finished last in their heats of the 100-meter breaststroke. One of those, Zhang Yi, blamed the changeable Perth weather.

Peter Larkins, a sports medicine specialist, said that using growth hormones during a meet would help assist muscle repair, bolster energy storage and break down body fat.

But he said that the main benefits of growth hormones was their ability to build muscle strength and that athletes who had taken hormones while training would still benefit even if they stopped taking drugs days before they raced.

In men's water polo, meanwhile, Danilo Ikodinovic scored with six seconds remaining to give Yugoslavia a 6-6 draw with Croatia. The police increased security at the match due to ethnic rivalries, but there were no reports of problems.

Islanders End Losing Streak by Tying Wings

Chorske's Goal and Flaherty's 30 Saves Earn New Yorkers a 1-1 Draw With Champions

The Associated Press

The New York Islanders still could not win, but they ended their 10-game losing streak by tying the visiting Detroit Red Wings, the Stanley Cup champion, 1-1.

"We came into the game with nothing to lose, and we went for it," said Rick Bowness, the Islanders coach.

Wade Flaherty made 30 saves Monday night in his second straight start for the Islanders since being recalled from the minors.

Tom Chorske gave the Islanders a 1-0 edge at 2:28 in the second period. Igor Larionov scored for Detroit with a slap shot from the right circle at 4:52.

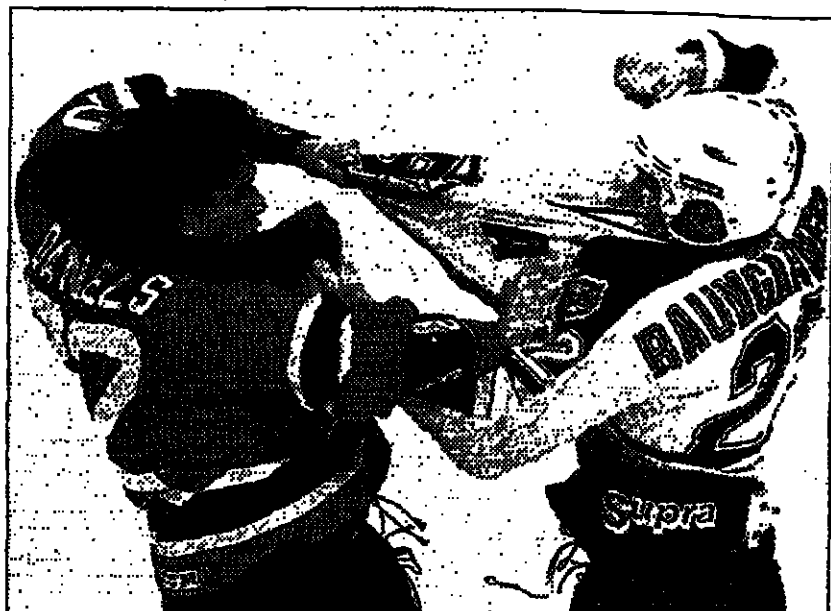
Rangers 3, Maple Leafs 2 Wayne Gretzky had three assists and rookie goalie Dan Cloutier made 23 saves and remained undefeated in three decisions as New York beat Toronto.

Blackhawks 3, Canucks 2 Mark Messier became the No. 4 point scorer in NHL history, but visiting Vancouver lost to Chicago as Tony Amonte scored with 2:18 to play for the Blackhawks.

Messier set up Pavel Bure's power-play goal in the third period and moved past Phil Esposito on the career list with 1,591 points. Gretzky, Gordie Howe and Marcel Dionne are ahead of Messier.

Bruins 1, Devils 1 Boston extended its unbeaten streak to six games, while New Jersey moved past Philadelphia for the best record in the Eastern Conference. Patrik Elias scored the tying goal 5:26 into the third period for the visiting Devils. Sergei Samonov scored for the Bruins.

Kings 3, Mighty Ducks 2 Ray Ferraro scored his second goal with 2:56 to go in overtime, completing Los Angeles' comeback at Anaheim. The Kings had



Scott Daniels of the New Jersey Devils and the Bruins' Ken Baumgartner earning five-minute penalties for their first period brawl in Boston.

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OBSERVER

Sweet Dreams

By Russell Baker

NEW YORK — I want to be a dynamic corporation boss. Then the newspapers would run my picture wearing this incredibly expensive suit. It would be a hand-stitched suit. I would know what hand-stitched means.

The financial writers would all call me a CEO. I already know what that means: Chief Executive Officer. I would merge, acquire, downsize, outsource, cut costs.

When somebody asked for a raise I would threaten to move the whole company to Innermost Central Bungal, where people are happy to work for 35 cents a month without complaining about being chained to their benches.

The board of directors, acting on my advice, would shower me with stock options, severance guarantees, health insurance, golden parachutes, free milk and cookies twice a day, bonds, debentures, certified checks, commercial paper, rediscunt rates, bills of attainder.

After ruining the company I would be paid \$16 million to quit and live happily ever after in my 14-bedroom trophy house in the Bahamas, my 22-bedroom trophy house in Nantucket and my 34-bedroom trophy house in Palm Beach.

I want to be a professional athlete. I'd enjoy it when outraged sports reporters wrote that I wasn't worth the \$15 million a year my agent was asking for my services.

Then I would laugh all the way to the bank when they came to me afterward in the locker room saying: "We didn't really mean all that stuff about you being an eleven-

rated, Butch. Could you spare a dime for a cup of coffee?"

In my first season I would tear my rotator cuff and need surgery which would keep me out of action on full pay all season. Next season I would pull a hamstring and be arrested on charges of carnal abuse of assorted women in various motel rooms.

Since my coaches would never let the police get away with bullying me, soon I would be back in action ready to suffer plenty of season-ending injuries, and I would choke some coaches to assert my dignity.

Then I would endorse so many sneakers that I would make so many millions that I would never again have to pull another hamstring.

I want to be a fabulous old rock star. Then I would amaze the rock press by announcing a \$250 million rock concert tour. The headlines would say, "Oldest Living Rock Star to Break All Financial Records."

After the most lucrative tour since Alexander the Great looted everything between the Parthenon and the Taj Mahal, I would pile into my trophy limo — four bedrooms, three and a half baths — and drive around the block with a dozen well-aged trophy groupies.

I want to have a dead ancestor who left me so much money that if I wanted to be president I could pay the campaign expenses out of the petty-cash box.

Once elected, I would change the tax laws so I would never have to pay taxes again. That would almost justify the bother of being president. Is this a great country or what?

New York Times Service

By Michael Ratcliffe

BERLIN — Berlin is an art city, and a city of art on the move. In the four and a half decades between the end of World War II and the fall of the Berlin wall eight years ago, the treasures of the old Prussian state collections remained on whichever side of the border they found themselves in May 1945.

The divided city thus acquired two separate museums for virtually everything — to the detriment, in every case, of one side or the other. The reconciliation of these halves will consume much of the Berlin cultural budget until at least 2010.

Masterminding the moves is the Prussian Cultural Heritage Foundation, established in 1957 to care for the parts of the historic collections surviving in West Germany.

Since 1989, it has become the most powerful cultural organization in the city, one whose presence is felt at almost all the important sites, from melancholy Museum Island to the sparkling Hamburger Bahnhof on the edge of the new government quarter. The Hamburger Bahnhof, a railroad station from the days when railroad stations looked like country houses, has been converted into a Museum for the Present by Josef Paul Kleihues, architect of the Chicago Museum of Contemporary Art.

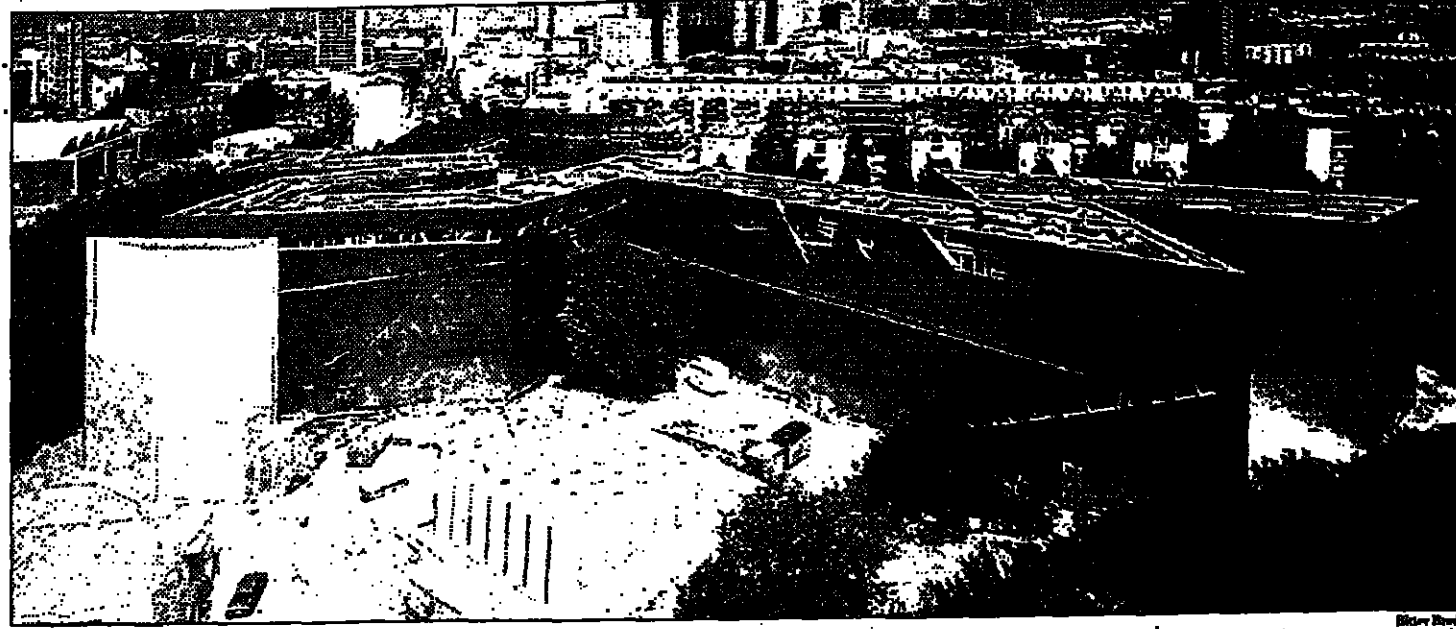
"We want the new capital to become a metropolis," said the chairman of the Deutsche Bank at the opening of the new Guggenheim Museum in the bank's Unter den Linden building last fall. "And the difference between a capital and a metropolis is culture."

Heinz Berggruen, a Jewish refugee, has lent a distinguished collection of Picassos and Klee's to this, his native city, which has removed its classical antiquities from a landmark Charlottenburg villa in order to house them.

In the 19th century, the ruling Hohenzollerns never built one single, encompassing house of art for Berlin, and today there are no fewer than four main centers: Museum Island, in the city's old heart; Dahlem, a "green" extension in the southwestern suburbs; the Charlottenburg Palace district; and the Tiergarten Kulturforum, as near to the old heart as West Berlin could build and now five minutes from the biggest building site in Europe: Potsdamer Platz.

Museum Island, Dahlem and the Kulturforum will all transformed over two decades as collections are brought together again, fresh uses are found for old buildings and spaces are created for acquisitions and contemporary work.

The five museums shoehorned onto an island acropolis in the Spree River were all built or planned between the Napoleonic Wars and World War I. The Neues Museum



The new Jewish Museum, which is scheduled to open next year, promises to be a major cultural event in Berlin.

remains gutted to the skies. The rest are dowdy or lugubrious, but two of them are among the most stirring anywhere in the world: the Altes Museum, for the absolute, Athenian grandeur of Schinkel's architecture, and the Pergamon, for the stones and structures within, whose intimations of antiquity never fail to thrill.

The director of the Pergamon has ambitions to glass in his austere entrance courtyard and bring all the European classical art in Berlin under one roof. The most French-looking of the five, the sassy Bode Museum (it acts as the prow of the island, breaking the Spree in two) is sending its paintings to the Kulturforum and turning itself over to Berlin's collection of European sculpture, once more uniting works from Dahlem with those in the East.

The Tiergarten Kulturforum was the West's answer to the prospect of civic division without end. On a blitzed wilderness of sand and birch saplings, where only one house and one church had survived, the architect Hans Scharoun built a state library like a golden ark and a ceremonial tent, with tiered seating, for Karajan's orchestra. Concert halls were never the same again. This still-glamorous pair was followed by Ludwig Mies van der Rohe's Neue Nationalgalerie, a black steel-and-glass temple to Schinkel and one of the best modern buildings in Europe.

One of the greatest picture collections in Europe — the Old Masters — is being brought together again. Nearly 3,000 of these paintings are being moved to a bulky new Picture Gallery on the Kulturforum.

Dahlem, most seductive of suburbs, is going to be quieter for a while. But it will keep the Indian, Far Eastern and

Islamic art, the folklore and one of the finest ethnographical collections in the world. All these will eventually form a huge new center of non-European art.

Berlin under the Allies was a fuzzy dream built on lavishly subsidized fantasies of everlasting renewal. It denied, by omission, the fact that the history of Berlin was essentially a tragic one, as Daniel Libeskind, the American architect of the new Jewish Museum, has pointed out. Libeskind's extraordinarily powerful Jewish Museum, shaped like a zinc bolt of lightning, opens in the fall of 1999.

The Allies have gone, and for the first time East Germans and all Berliners are facing some terrible history alone. There is a museum for this too.

"People project enormously onto these shows," says Christoph Stölzl, director of the German Historical Museum on Unter den Linden. "It's like psychoanalysis."

Stölzl, a scholar-showman from Munich brought in on the nod of Chancellor Helmut Kohl himself, now runs what must be the liveliest — and most necessary — history museum in the world.

Exhibitions have placed Germans historically in the context of their neighbors and in relation to themselves. The point is not to deliver or receive "answers" but to learn through the contemplation of historic objects, to ask questions and to talk. I.M. Pei is designing the extension, his second building in the area, his first on Berlin's most famous street.

Michael Ratcliffe, a former theater critic and literary editor of The Observer in London, wrote this for The New York Times.

BOOKS

High Stakes: The Very Best of Bad Sex

By Brenda Maddox

LONDON — A new terror has been added to the lonely life of the novelist: Britain's most dreaded literary prize. Writers are now said to be resorting to the use of Latin or three suggestive dots rather than risk a passage that could earn them The Literary Review's Bad Sex Award.

The Literary Review, as you might expect from the writings of its editor, Auberon Waugh, son of Evelyn, is not short of adjectives. He and his staff variously describe their annual honor as being bestowed on the most pretentious, tasteless, embarrassing, odious, self-inflated or redundant description of the sexual act published during the past year. Pornography does not qualify — only fiction that purports to be well written. Waugh inaugurated the award five years ago, complaining, after 20 years of book reviewing, that so many novels were ruined by bad sex scenes.

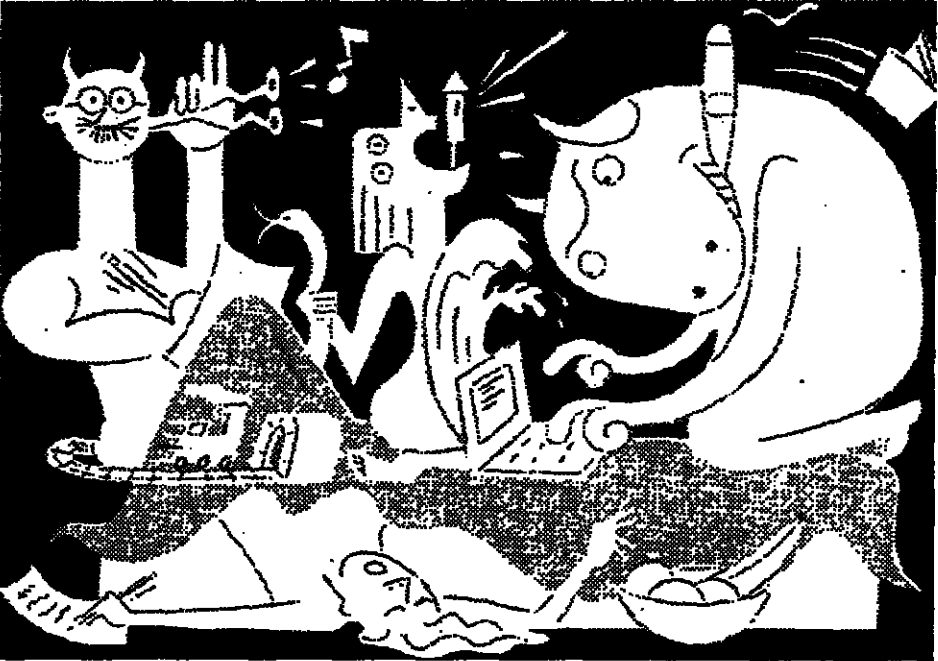
His motives are the highest: to discourage authors from writing these terrible passages — "perfunctorily introduced and shamelessly described" — and to deter publishers from presenting them into it. That the competition allows the small Review (circulation around 13,000) annually to give one of London's best literary parties, and to publicize itself as well, is incidental.

The actual prize of £250 (about \$400) goes to the reader who submits the winning entry. All the unfortunate writer gets is a small piece of gently embarrassing sculpture, presented to him or her in person. Waugh threatens to hire actors to impersonate winners who don't show up at the party. Actors are there already. Part of the fun is their ritual reading out of the juicy bits of the competing entries, to the groans and guffaws of the crowd.

The winner then faces another ordeal — the acceptance speech. It must be neither boring nor angry. Good sportsmanship is the only antidote to the sting of the prize. In his speech on Nov. 28, last year's winner, Nicholas Royle, for his novel "The Master of the Heart," was mildly reprehensible in blaming his wife: "She forbade me to write any sex scene that could in any way be construed as between her and me."

That disclaimer was just as well, for the prize extract had a female character called Yasmin "making a noise somewhere between a beached seal and a police siren," while her partner, Ambrose, was "punching smoothly in and out of her like a sewing machine."

In 1995, after winning for his novel "Griddiron," the highly successful thriller writer Philip Kerr



Richard McGuire

gave an interminable and bad-tempered denunciation of the Literary Review and the party's sponsors, Hamlet Cigars, that got him more bores than the relevant passage in his book, which used the word "gnomon" — the metal pin on a sundial — to describe the eager male organ.

The right way to handle the occasion was demonstrated in 1994 by Philip Hook, a director of Sotheby's. Winning for his second novel, "The Stone Breakers" ("they became some mad mobile sculpture"), Hook gracefully thanked the judges for pointing out a weakness in his work, which he promised to remedy by more research. He added a sorry tale of trying to impress a rich and chic Frenchwoman (whose pictures he had hopes of selling) by telling her that he had just won a literary award. When she learned that the honor was for Bad Sex, she observed dryly that there must be a great deal of competition in England for a prize like that.

Hotly tipped for this year's award had been Arundhati Roy's Booker Prize-winning novel, "The God of Small Things." Its overspecific description of "nut-brown breasts (that wouldn't support a toothbrush)" along with "hanches (that could support a whole array of toothbrushes)," had been thought unbeatable. But in the end the Royle sewing machine won out over the Roy toothbrushes.

The one American entry among the final five, Erica Jong's "Of Blessed Memory," was deemed too crude and anatomical to be read aloud, even to that knowing, bolsterous audience. So what's going on here? An honest attempt to root out bad writing? Or an indulgence of the well-known upper-class English distaste for excess in any form — the cast of mind that finds naked emotion, well, you know,

just as there is good sex and bad sex."

A whiff of disapproval this year began to waft over the prize. The critic Mark Lawson called it "harmfully influential," frightening writers away from writing about sex altogether and encouraging the novel by removing the erotic. Harvey Porlock, the pseudonymous critic of the book section of The Sunday Times, said that the prize has developed into "a peculiarly upright and English form of bullying."

The tempting theory of Englishness, however, falls before the recorded fact that the original idea for the Bad Sex prize came from Rhoda Koenig, a transplanted New Yorker. A shrewd and acerbic critic of fiction on both sides of the Atlantic, she insists that aesthetics, not morals, are what is at stake. She sides with Oscar Wilde: There are no good books or bad books, just good writing and bad writing.

The evidence supports her. When sex writing is bad, it is very bad indeed. Even the best writers are not immune, and no country has a monopoly. Salman Rushdie made last year's short list for "The Moor's Last Sigh" ("For ever they sweated pepper 'n' spices sweat"). Carlos Fuentes was also a nominee in 1996, for "Diana, the Goddess Who Hunts Alone." ("I tricked her out like a domestic Venus, not in sea foam but in the foam of my shaving cream (Noxterza).")

Far from being a peculiarly English disease, fear of bad sex is endemic in the writing trade. It's what keeps so many novels hidden in coded files somewhere in the word processor. Mercifully.

Brenda Maddox, who is working on a biography of William Butler Yeats, wrote this for The New York Times.

PEOPLE

Algerian Editor Gets Palme Award

Reuters

STOCKHOLM — Salima Ghezali, editor in chief of the Algerian weekly journal La Nation, is the recipient of the Olof Palme Prize for her reporting of the conflict in Algeria.

She will receive 250,000 kronor (about \$30,000) in prize money. The award was established by the family of Prime Minister Olof Palme, who was assassinated in 1986, and his Social Democratic Party.

who triumphed at last year's Brit Awards, have been almost shut out this time around with only one nomination — for best video. Last year, they were nominated in four categories and won two awards, for best single and best video. This time, The Verve leads a strong field with four nominations plus one for production. Radiohead, Prodigy, Oasis, Texas and All Saints got three nominations apiece.

Madame Tussaud's in Melbourne has been forced to give the wax replica of Rile Macpherson a vacation and a washing because fans could not keep their hands off it. Since the exhibition opened in October, thousands have posed with the Australian model for souvenir pictures, rubbing off her skin coloring, scratching her arms and leaving a residue from sweaty palms on her clothing. The model is the most popular item in the exhibition and popular with both sexes, a museum spokeswoman said. "Obviously the guys love her, but the girls egg on their boyfriends to have their pictures taken with her," she said.

Queen Elizabeth II lost her head in the latest royal portrait. It's floating just above her shoulders. The throne is a minimalist black slab and her hands are blurred, a la artist Justin Mortimer. "With the queen, you are taking a risk and some critics will not let you win. I only hope she likes it," he said. The queen, who sat for this painting last year, never comments on individual pictures but has encouraged a range of styles and techniques, Buckingham Palace said. She chose Mortimer after seeing his portfolio, which includes portraits of David Bowie and Harold Pinter.

Karen Hesse, author of the free-verse novel "Out of the Dust" (Scholastic Press), received the American Library Association's 1998 Newbery Medal for the most distinguished contribution to literature for children, and Paul O. Zelinsky won the Caldecott Medal for the illustrations in his version of "Rapunzel" (Dutton).

"Chicago," Broadway-style, may be tough and cynical, but there were tears, hugs and lumps in the throat on the stage of the Shubert Theatre when the cast of the hit musical said good-bye to Joel Grey. In some 500 performances since "Chicago" opened on Nov. 14, 1996, Grey played the role of Amos Hart, the nebbishy but lovable husband of the convicted murderess Roxie Hart.

Britain's pop-hype group the Spice Girls,



The Eagles performing at the induction ceremony for the Rock and Roll Hall of Fame.

Major van Gogh Show Set for National Gallery in Washington

By Jo Ann Lewis
Washington Post Service

WASHINGTON — Seventy of Vincent van Gogh's paintings will go on view at the National Gallery of Art for three months beginning Oct. 4. The paintings are from the collection kept by the van Gogh family after the artist's suicide in 1890.

The show will also go to the Los Angeles County Museum of Art, where it will be on display from Jan. 17 to April 4, 1999.

It is billed as the largest survey outside the Netherlands of van Gogh's career in more than a quarter century.

The paintings of the tortured Dutch

artist, who painted for only 10 years and sold almost nothing during his lifetime, are expected to draw more visitors than the 1995-96 show featuring 21 works of the Dutch master Johannes Vermeer. The Vermeer show had 327,551 visitors, but was much smaller and was closed 20 out of 90 days by the federal budget shutdown.

Titled "Van Gogh's Van Goghs: Masterpieces From the Van Gogh Museum," the exhibition was organized in cooperation with the museum that opened in 1973 in Amsterdam to house the van Gogh collection. Today, its 207 paintings, 580 drawings, 7 sketchbooks and 750 letters constitute the world's largest van Gogh collection.

Most of the paintings to be exhibited were last in the United States 34 years ago at the short-lived Washington Gallery of Modern Art in Washington and at the Guggenheim Museum in New York. That show was one of Washington's first modern blockbuster exhibitions. It drew a record 70,000 visitors during its six-week stay in Washington in 1964. Far larger crowds are expected this time.

Ead (Rusty) Powell 3d, director of the National Gallery, said the art works will be traveling while the Van Gogh Museum in Amsterdam undergoes renovation and the construction of a new wing.

Van Gogh still owned almost all his

paintings, and he left his brother Theo — his sole support — more than 400 works. But Theo, a Paris art dealer, died just six months later, leaving the collection to his widow, Jo van Gogh-Bonger, and their infant son, Vincent.

She subsequently left Paris, returned to the Netherlands and devoted much of her life to promoting van Gogh's work through exhibitions in the Netherlands and France and sales to important European museums. She also published van Gogh's letters to Theo. Those letters have added immeasurably both to the myth and the understanding of van Gogh, not just as a tormented genius but as a highly rational and determined artist.